Objections to Pacific Seasonal Work Programs in Rural Australia

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Australia is debating whether Pacific Islanders should be granted temporary visas to undertake seasonal work in agriculture. The proposal has support from Australian farmers’ organisations, international development agencies and politicians on both sides of Parliament. Pacific Island governments are enthusiastic about the idea and have repeatedly raised it at regional meetings. However, Commonwealth government ministers have ruled out changes to current migration arrangements to allow the entry of unskilled workers on short term visas. The grounds given for opposing such schemes are numerous. This article identifies ten primary objections to a seasonal labour program for Pacific Islanders. It addresses each objection on its merits, in an attempt to disentangle legitimate questions of policy from unfounded perceptions and fears that often have deep historical roots.

There is renewed debate in Australia as to whether Pacific Islanders should be granted temporary visas to undertake seasonal work in agriculture. This proposal is an attempt to address two separate issues with a single policy initiative. First, seasonal visas will assist Australian primary producers in addressing rural labour shortages, particularly in horticulture during periods of peak demand. Second, they will provide jobs and incomes for Pacific Islanders whose lack of employment is perceived as major factor contributing to social unrest in the so-called ‘Arc of Instability’.

Media coverage of proposals for a seasonal work scheme for Pacific Islanders has generally been framed as a debate about ‘guest workers’. This has often highlighted the obvious objections and potential problems, in particular fears that temporary workers will overstay their visas, ‘steal’ Australian jobs or suffer abuse at the hands of exploitative employers. Certainly, these are all matters that need to be considered in designing any potential seasonal labour scheme. However, closer scrutiny suggests these issues may be more easily addressed than some less immediate and less obvious concerns such as the risk of stifling innovation in the rural economy or contributing to a long-term decline in wages paid for agricultural work.
The suggestion that Pacific Islanders should be recruited to fill gaps in the Australian labour market is not new. A number of official committees and studies have recommended some form of labour market opening for Pacific Islanders (Millbank 2006). These include:

- The Jackson Committee to review Australia’s foreign aid program (Commonwealth of Australia 1984);
- The Joint Committee on Foreign Affairs, Defence and Trade inquiry into Australia’s relations with the South Pacific (Commonwealth of Australia 1989);
- AusAID-commissioned studies into South Pacific migration to New Zealand and its implications for Australia (Appleyard and Stahl 1995 and 2007);
- The Simons Committee to review Australia’s aid program (Commonwealth of Australia 1997a); and
- The Senate Foreign Affairs Defence and Trade inquiry into Australia’s relations with Papua New Guinea (PNG) and the Island States of the Southwest Pacific (Commonwealth of Australia 2003).

In recent years, the idea has gained increased momentum and proposals for a Pacific seasonal labour scheme have won explicit support from Australian farmers’ organisations, international development agencies and politicians on both sides of Parliament. In October 2006, Senators from the Liberal Party, Australian Labor Party and the Australian Democrats agreed that it would be prudent for the Commonwealth government ‘to make contingency plans for introducing contract harvest labour as early as five years hence’ (Commonwealth of Australia 2006). Pacific Island governments are enthusiastic about the idea and have repeatedly called for a seasonal work program at regional meetings. After the 2006 Pacific Island Forum Heads of Government meeting in Fiji, New Zealand responded to these calls with a ‘Recognised Seasonal Employer’ policy to “let Pacific workers fill horticulture and viticulture jobs when no New Zealanders are available” (Benson-Pope and Cunliffe 2006). However senior ministers in Australia continue to rule out any alteration to current migration arrangements to facilitate the entry of unskilled workers on short-term visas.

The grounds given for rejecting such schemes are numerous. This article identifies ten primary objections to the establishment of a seasonal labour program for Pacific Islanders. It addresses each objection on its merits, in an attempt to disentangle legitimate questions of policy from unfounded perceptions and fears.

**Objection 1: Australia is a country of permanent settlement**

At the October 2005 Pacific Islands Forum, Prime Minister John Howard stated “We always have a preference for permanent settlement for migration….I think you either invite someone to come to your country to stay as a permanent citizen or you don’t” (Callick 2005). Similarly, Treasurer Peter Costello has voiced the view that visas for short-stay guest workers would be “against the national ethos” (Colman 2005).

However, temporary entry is already a significant and growing component of Australia’s migration program. Under the Howard Government, business has enjoyed increasing access to short-term visas known as ‘Business (Long-Stay)’ or ‘457’ visas to bring in workers to cover skill shortages. The volume of temporary visas issued annually has grown five-fold during the life of the Howard Government. There were 49,860 business long stay visas granted in the 2004-5 financial year up from just 9,600 in 1996-7 (DIMIA 2005:67-68; Productivity Commission 2006:214). For the financial year 2005-6, the program grew
another 45 per cent with around 70,000 visas issued (Vanstone 2006a).\(^2\) Originally this visa category was used almost exclusively to bring in professionals like IT specialists and medical staff but in recent years the catchment has broadened to include more traditional trades like welding (Robinson 2004), baking (ABC 2006a) and butchering (Rollins 2006a). There is now a push by employers to add truck-drivers to the list of workers whose skills are in demand (Rollins 2006b, Laurie and Taylor 2006).

Admittedly, the 457 visa is not seasonal. Skilled workers come for a period of years rather than months, are often accompanied by immediate family members and may eventually have the option of applying to remain in Australia as permanent residents. However a transition to permanent residency is not guaranteed and workers can only achieve it with the sponsorship of their employer. In May 2006, a senior immigration department official estimated that only about 15–20 per cent of temporary workers would remain in Australia permanently (Rizvi 2006:62). If the trend is confirmed in the future, then four out of five workers will leave Australia at the end of their contracts, which suggests that the 457 visa has more in common with the much maligned German Gastarbeiter scheme than the Commonwealth government likes to admit. It certainly undermines Treasurer Peter Costello’s argument that “Australia has never been a guest-worker country. We have never been a country where we bring you in and ship you out. Australia is an immigrant country” (Davis 2006).\(^3\)

In addition to the long stay business visa, the stock of temporary foreign workers in Australia has grown dramatically through increased numbers of two other categories of visa holders: foreign students and backpackers on Working Holiday Maker (WHM) visas. In 2004-5 Australia issued 174,790 visas to foreign students (up 250% from 68,611 in 1996-7), most of whom are able to work up to 20 hours per week during term time and full-time during semester breaks (Productivity Commission 2006:229, DIMA 2006a). Working Holiday Maker visas enable travellers between the ages of 18 and 30 from nineteen countries to work in Australia for 12 months.\(^4\) The number of such visas issued has doubled from 52,784 in 1996-97 to 104,350 in 2004-5 (Productivity Commission 2006:229).\(^5\)

The role of the WHM visa is particularly relevant to the discussion of seasonal labour programs, since the Commonwealth government has twice changed the rules of the WHM visa to encourage more backpackers to take up agricultural employment. Initially, in April 2005, the Commonwealth offered a second 12 month visa to travellers who engaged at least three months of ‘harvest work’ (Vanstone 2005). However, in May 2006, the government included fishing, pearling, shearing, abattoir work and forestry in the list of jobs that would qualify for a second visa (Vanstone 2006b). The WHM scheme was designed to be ‘experiential’, allowing young travellers to ‘supplement’ their travel funds through “incidental employment, and to experience closer contact with a local community” (DIMA 2006b).

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1 Primary applicants account for about 60 per cent of this figure, the residual visas being issued to spouses and dependants. Spouses also have work rights.
2 The number of primary applicants was 39,530 up from 27,300 in 2004-5.
3 Needless to say, the Treasurer’s comments also gloss over the history of ‘blackbirding’ whereby Islanders were brought to Queensland and northern New South Wales in the nineteenth century.
4 Australia has reciprocal working holiday maker relationships with Britain, Canada, the Netherlands, Ireland, Japan, South Korea, Malta, Germany, Sweden, Denmark, Norway, Finland, Hong Kong, Taiwan, Cyprus, Italy, Belgium, France and Estonia. Under Australia’s free trade agreement with Thailand, young Thai citizens can also apply to work in Australia but they are subject to the additional requirement that they hold tertiary qualifications.
5 The hardcopy version of this article contains a production error in the original version of this paragraph. The error has been corrected with the above, as per the notice in the Volume 2, Number 2 issue (Erratum, Public Policy, 2:2).
A Senate inquiry into the scheme in 1997, recommended that:

the original intention of the working holiday program be reinforced so that it remains a program which provides an opportunity for an extended holiday with incidental work and is not used either to resolve labour market problems in Australia or as a mechanism by which people can circumvent normal migration processes in order to remain in Australia, particularly in employment related categories. (Commonwealth of Australia 1997b: xvii – emphasis added).

The recent changes to the WHM visa outlined above reveal that the ‘original intention’ of the scheme has fallen by the wayside and the visa is increasingly being used as a labour market program to help employers fill jobs in the rural economy. 5

Taken together, the changes to the WHM scheme, the dramatic rise in international student numbers and the sharp increase in use of temporary 457 visas substantially undermine the Commonwealth’s ‘in–principal’ arguments against the use of temporary foreign labour to fill seasonal gaps in Australia’s rural labour market.

An additional objection to the creation of an agriculture or horticulture specific seasonal labour scheme is that it sets a precedent? that it is in effect, the thin end of the wedge as far as temporary labour is concerned. As outlined above however, the precedent of temporary labour migration has already been set through the 457 visa and Working Holiday Maker schemes. It is almost certainly true that the creation of a special labour program for agriculture would prompt other industries to seek similar schemes from government especially where there is a clearly demonstrated seasonality to the work available (e.g. tourism), where there is already evidence of labour shortages due to the nature of the work (e.g. abattoirs) or a case due to remote location (e.g. mining and some construction). But there is no compelling reason why a special program in one sector of the economy should automatically lead to the introduction of an equivalent program in another. Australia has no tradition of live–in domestic labour as in the United States and there is no automatic or logical progression from Pacific harvesters to Filipina maids. Any specific proposal for temporary offshore labour can and should be argued and decided on its merits and would determined by such factors as the demonstrated lack of labour in a particular sector and its impact on the economy as a whole or on a given industry or region.

It is also possible to mount a convincing argument that the demographic reality of an aging, increasingly skilled Australia makes the increased use of low and semi-skilled migrant workers highly likely in the not–too–distant future particularly if our economy remains vibrant and domestic unemployment remains low. Our health system already draws heavily on medical professionals recruited from abroad. How long will it be before we also need to bring in lower skilled ancillary staff to keep hospitals running? Both government and opposition want to increase women’s participation in the workforce and this can only be achieved with expanded childcare and aged care services. Yet we know that these sectors already struggle to attract sufficient staff. Whether or not vacancies in these sectors could or should be filled by temporary or permanent migrants is a debate yet to begin, but the evaluation of carefully managed and regulated pilot schemes for seasonal agricultural labour could help government to develop the best possible policy settings for managing any future expansion of labour migration.

5 Initial indications are that this change is having contradictory effects. On the one hand, growers report that working holiday makers are staying longer in harvest jobs in order to meet the 3 month requirement to qualify for a second 12 month visa. On the other hand, growers also report that some travellers are “time serving” – i.e. they are simply interested in staying employed for 3 months, but not in working hard.
Objection 2: The high-skill orthodoxy

In some ways this is a subset of the first objection and the bias, at least in public pronouncements if not in policy, towards permanent migration.

There is an entrenched view within Australian government that only high–skilled or capital–rich migrants are of value to Australia. The bias against low–skilled migrants was formalised by the Fitzgerald Report into Australia’s immigration program in 1988 and intensified further after 1996, as the Howard government decisively shifted the emphasis of the migration program to favour skilled and business migrants at the expense of family reunion (Jupp 2003:145–6). Skill-rich and capital-rich migrants are seen to have an immediate positive impact on Australia’s fiscal position, whereas family reunion and humanitarian migrants are regarded as a drain on the collective wealth of the nation through their intensive use of government services, at least in the short-term (DIMIA 2002:v).

However what is under discussion here is not so much a migration scheme as a labour scheme. Temporary workers will not have access to Australian social services such as pensions or unemployment benefits and it is not envisaged that they will come to Australia with dependents. Temporary workers would be coming to Australia to undertake immediate short–term employment (of up to six months) and would leave Australia at the end of a contract. They are likely to contribute far more in taxes than they receive back in government benefits and their presence is likely to result in industry expansion and economic growth.

Objection 3: Temporary foreign workers take Australian jobs

There is a strain of popular antipathy to foreign labour from Asia and the Pacific which has its antecedents in the Victorian gold rush of the 1850s. The underlying fear is that overseas workers will ‘steal’ Australian jobs. If Canada’s long-running Seasonal Agricultural Workers Program (CSAWP) is any guide however, the employment of offshore seasonal labour would create additional jobs in related industries and in the service sector of country towns. Basok (2003a:146) reports that each horticultural farm worker supports “2.6 jobs in the supply and processing sectors” while the industry groups estimate that 15,000 offshore seasonal workers coming to Ontario each year generate 84,000 direct jobs and 63,000 indirect jobs within the province (FARMS 2005a). This latter figure includes the economic stimulus generated by the spending of seasonal migrant workers in Canadian towns, a factor described by some retailers as ‘Christmas in September’ (Bauder et al 2003). Similarly, while not confined to agriculture, an analysis of the economic impact of the Working Holiday Makers program in Australia, found that these foreign travellers were unlikely to be displacing unemployed locals in the labour market and that the scheme overall had a positive impact on job creation (Harding and Webster 2002).

Moreover, proposals for a seasonal labour scheme for horticulture are aimed specifically at an industry where employers already have significant difficulty mobilising sufficient reserves of domestic labour (Mares 2006a). In the absence of a ready supply of domestic workers, a significant proportion of seasonal jobs in horticulture are already filled by foreign citizens, in the form of both undocumented migrants and backpackers working legitimately in Australia on working holiday maker visas. Both forms of labour appear to have become crucial to the industry. The Victorian Parliament has acknowledged that “continuing labour shortages perpetuate the participation of illegal workers in rural industries” (Parliament of Victoria 2004) while union officials claim that “a significant proportion” of Victoria’s fresh fruit crop is picked by undocumented workers who are highly vulnerable to exploitation and in some cases are
offered wages as low as $3 per hour (Hughes and Schwartz 2004). Growers themselves report a growing reliance on working holiday makers to pick fruit and staff packing sheds.⁶

It is also possible to construct a scheme in such a way as to create price disincentives for employers to favour foreign labour over local workers. This could be achieved by requiring farmers to share a significant proportion of the practical and administrative costs of an offshore scheme (for example, requiring as in Canada that farmers pay at least 50 per cent of all related travel costs). Raising the marginal cost of foreign workers in this way provides an incentive to utilise available local workers before looking offshore. (It is worth noting in passing that no such price mechanism operates in relation to the current employment of people with WHM visas).

**Objection 4: Indigenous employment**

This objection is a subset of the argument about foreign workers taking Australian jobs and points to the high levels of unemployment and underemployment of indigenous Australians. The argument is that rather than bringing in workers from offshore, greater effort should be made to engage indigenous Australians in the formal economy (Hughes and Sodhi 2006). The suggestion is that the measures being proposed for Pacific Islander workers could equally be applied to remote Aboriginal and Torres Strait Islander communities, with employers contributing to the travel costs of workers who undertake seasonal employment in horticultural areas. The Senate Employment, Workplace Relations and Education Committee was sceptical that such ideas could work, arguing that it was based on “wishful thinking” and made the comparison to attempts to engage the long-term unemployed in seasonal work. The Committee accepted growers’ arguments that “the majority of people on welfare were incapable of the hard work of picking fruit” and warned that bringing in unemployed workers from outside the region was just “moving a problem from one place to another” in order to be “seen to be doing something rather than nothing” (Commonwealth of Australia 2006:28).

The Committee may have been too hasty in its judgement. As Hughes and Sodhi (2006) note, indigenous communities are not always remote from horticultural districts. They point to the canny town of Shepparton and the surrounding fruit-growing region of Victoria’s Goulburn Valley that has a substantial Aboriginal population experiencing high levels of unemployment. Equally, a small scale pilot project set up by Cape York Partnerships has also had some success in bringing Aborigines from far north Queensland to take up fruit picking jobs in the Murray Valley and this could provide a model for expanding such schemes to other communities (James 2005).

Proposals for an indigenous labour scheme certainly warrant further promotion and debate and the two proposals (Pacific and indigenous labour) need not necessarily be mutually exclusive. Indeed calls for pilot schemes to “road test” the feasibility of a seasonal labour scheme for the Pacific could easily be expanded to test the feasibility of seasonal labour schemes for indigenous Australians at the same time.

⁶ See for example the oral evidence given by fruit grower Noel Sims and regional migration adviser Trevor Bennett to the Senate Employment, Workplace Relations and Education Committee Inquiry into Pacific region seasonal contract labour at its hearings in the South Australian Riverland town of Renmark on 22 March 2003. Sims estimates that “backpackers” now make up 85 per cent of his seasonal workforce while Bennet estimates that the proportion of harvest labour performed by working holiday makers has grown from less than 10 per cent in 2000 to more than 50 per cent in 2005 “with some operations reporting a reliance of more than 90 per cent on this labour source” (Hansard Transcript at: http://www.aph.gov.au/senate/committee/eet_ctte/contract_labour/hearings/index.htm)
Objection 5: Foreign temporary labour undermines Australian wages and conditions and results in exploitation

The Australian union movement remains opposed to the idea of a seasonal labour scheme for Pacific Island workers. While the national leadership of the Australian Council of Trade Unions (ACTU) held initial discussions about a proposed pilot program to bring workers from Fiji to Shepparton in central Victoria (ABC 2003), it has recently firmed its opposition to “circular” labour programs, arguing that international labour agreements should give Pacific workers the right to permanent residency (ironically echoing the Prime Minister’s position that Australia remains a country of ‘permanent settlement’). There has also been vocal opposition from specific unions, arguing that ‘cheap’ offshore labour could be exploited by unscrupulous employers, undermining local wages and conditions. Bill Shorten, President of the Australian Workers Union (AWU), says “guest work arrangements are exploitative of the guest and exploitative of unemployed Australians” (Metherell 2005).

On the surface this objection is easily countered, since it can be a minimum condition of any offshore seasonal labour scheme that foreign workers are guaranteed employment at Australian wages and conditions.

However two caveats apply. Firstly there is the question of adequate regulation. The temporary skilled labour scheme the 457 visa outlined above has been dogged by persistent reports of abuse, particularly in the hospitality (Cronin 2006a & 2006b; Shaw 2006), construction (ABC 2006c; Bachelard 2006; and O’Malley 2006) and meat processing industries (Roberts 2006; Rollins 2006a). There are allegations of workers being over-worked and under-paid, of employers making unauthorised deductions from workers pay packets and of skilled workers being employed in unskilled positions. Investigations by the West Australian State Government found that allegations of abuse were upheld in 28 of the 36 cases referred to it by the Immigration department in 2004 and 2005 (Government of Western Australia, 2006).

There is no reason to assume that similar problems would not also occur in a seasonal labour scheme in agriculture, as they have in Canada. Even though Canada’s program for Caribbean and Mexican workers is arguably one of the best schemes of its kind in the world, there have been numerous cases of temporary migrants working excessive hours, labouring in dangerous conditions without adequate training or safety equipment, living in dilapidated and overcrowded housing and suffering verbal and physical abuse at the hands of employers. These problems result in part from the design of the Canadian scheme, which imparts excessive unregulated power in the hands of employers, and in part from restrictions on trade union activity in Canadian agriculture (see Mares 2006b).

In theory, it should be possible to minimize such problems by designing a scheme with “high levels of formality and regulation” (Commonwealth of Australia 2006: ix), by ensuring that there is an independent body to deal with complaints by workers about treatment and conditions, and by guaranteeing foreign workers the fundamental right to organise, join, and take industrial action as members of a trade union. In practice however, organising agricultural workers is notoriously difficult (because of such factors as isolation and distance).

The impact of the Commonwealth government’s industrial relations changes (WorkChoices) may make it even harder. In particular, the legislation gives employers greater power to negotiate individual workplace agreements with staff. Seasonal, ‘non-citizen’ workers would be in a particularly weak and vulnerable position in relation this type of negotiation.
The second caveat is that an industry-specific offshore workers scheme may indeed lower the price of labour in that particular segment of the economy over the long-term.

In 2005, Mexican and Caribbean workers performing seasonal work in Canada were paid a basic rate of C$8 per hour (FARMS 2005b), whereas workers in Australia, where there was no offshore scheme as such, could expect to earn around A$15 per hour. While more detailed research would be required to strictly compare the relative agricultural wage rates, cost of living and inflation rates between Australia and Canada, they are similar societies with an exchange rate roughly at parity over the period of comparison. Moreover, the base rate paid to offshore seasonal workers in Canada in 2005 had risen only C$2.85 per hour in 16 years from the rate of C$5.15 per hour paid in 1989 (Cecil and Banks 1991), which suggests that the availability of an expanding pool of offshore workers has acted as a brake on wages growth in Canadian horticulture.

This can have two adverse consequences. First, it can lead to a dual wages system, where local workers are paid significantly higher wages than their offshore counterparts for doing the same work. There is some evidence that this is already the case in Canada. A former seasonal worker from Mexico says that when he became a permanent resident of Canada (rather than a temporary migrant) his hourly wage jumped from C$5.85 to C$9, while his teenage son (who is a Canadian citizen) earned C$8.50 per hour in 2004 working alongside temporary seasonal workers from Mexico who were paid only C$7.50 (Maldonardo 2005).

All other things being equal, such a wage-gap would give employers a strong incentive to hire foreigners ahead of locals. However under the Canadian scheme, growers must also pay more than half of the foreign workers’ travel costs and provide free accommodation which growers estimate increases the hourly wage rate for foreign workers by about 50 per cent (Smith 2005).

Second, suppressing wage rates through migration can foster the segmentation of the labour market into immigrant and non-immigrant sectors. The low wages on offer for seasonal work confirm its status as an ‘immigrant’ sector that holds little attraction for domestic workers. As Ruhs (2003:12) puts it, the need for imported labour then becomes self-perpetuating:

… the sectors which have been targeted for temporary migrant worker programmes eventually develop a “structural demand” for foreign workers and thus suffer from permanent versions of the very shortages of natives, which the migrants were imported to cure.

There are no simple mechanisms for overcoming this problem. The impact can be minimised if there is a ‘floor’ under the minimum wage paid to all workers in the Australian economy and if the floor rises in line with increases in the cost of living and average wage rates. However, Australian trade unions will not be easily convinced that such guarantees are in place given the recent changes to the way in which minimum wages in Australia are determined.8

It can also be argued that the feared segmentation of the labour market has already occurred in Australia as far as horticulture is concerned. The prominent role of Working Holiday Makers

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7 WorkChoices dramatically narrows the range of circumstances in which strike action is permitted and restricts the right of union representatives to enter workplaces.
in the sector is such that it is already becoming an ‘immigrant’ sector. The question then becomes, if Australia is going to create employment opportunities for overseas workers, is it preferable that the jobs go to relatively well-heeled young backpackers from affluent nations or to unemployed Pacific Islanders?

**Objection 6: Memories of ‘blackbirding’**

The history of exploitation and abuse in the cane fields of nineteenth-century Queensland have been used to raise concern over the wages and working conditions for foreign workers. Australia’s Foreign Minister Alexander Downer has stated:

> I don’t like the idea of guest workers. I don’t think we should go back to the schemes that used to exist back in the nineteenth century where cheap labour was brought in from the South Pacific, particularly into Queensland… Just to take unskilled people from the citrus blocks of the Riverina of South Australia or somewhere for a few weeks every year — I don’t think the idea is going to work… In the end Fiji would get very little out of it. I think there’d be a certain amount of resentment in certain parts of Australia (ABC 2005).

Memories of ‘blackbirding’ are also a sensitive issue for many Melanesian countries. Blackbirding was a practice whereby Pacific Islanders were brought to Queensland and northern New South Wales to work as indentured labourers in the sugar cane and cotton industries over the period between 1863 and 1904. In July 2005, the Malvatumauri (‘Council of Chiefs’) in Vanuatu hosted a meeting which discussed the heritage of blackbirding for Vanuatu. Representatives at the meeting called for dialogue with Australia over the legacies of blackbirding and appropriate apologies and further recognition of the rights of South Sea Islanders in Australia. The Commonwealth Minister for Finance George Wells played an important role in the meeting, and ironically, he has tied Vanuatu’s current push for access to the Australian rural labour market to discussion of reparations for past exploitation (Michel 2005).  

While there are legitimate concerns about the rights and conditions of offshore temporary workers employed in Australian agriculture (as outlined above), there is no reason to assume that a twenty-first century labour scheme for Pacific Islanders to work in Australian agriculture must necessarily revive the extreme abuses of blackbirding. As discussed, the key to minimizing exploitation is to design a scheme that is carefully regulated and monitored, with an effective independent complaints mechanism for workers and meaningful sanctions for employers found to be in breach of their obligations.

**Objection 7: The discrimination argument**

A common argument for opposing temporary labour programs from the Pacific is that it would be discriminatory under Australia’s immigration policy because it would favour one region (the Pacific Islands) over all others.

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8 The new WorkChoices legislation removed minimum wage making power from the independent Australian Industrial Relations Commission and handed it to a new Australian Fair Pay Commission which must also take account of the impact of wage increases on the unemployed. It is anticipated that over the long-term the AFPC will keep the price of labour low by holding down increases in the minimum wage.

9 The descendants of the blackbirded labourers are now formally recognised as South Sea Islanders in Australia’s census, and have been organising for greater rights and recognition. For details of South Sea Islanders and discrimination under Australian law, see the 2003 study by the Human Rights and Equal Opportunity Commission (HREOC): http://www.hreoc.gov.au/racial_discrimination/Erace/south_sea.html
However, there are already precedents for country-specific programs in Australia, which discriminate in favour of certain nations. The most obvious is the fact that all New Zealanders enjoy ‘visa-free’ entry to live and work in Australia, a right not accorded to the nationals of any other nation. As noted above, the Working Holiday Maker program in Australia is restricted to travellers aged 18 to 30 from 19 countries with which Australia has reciprocal working holiday agreements. Arguably this scheme discriminates against Pacific Islanders since there are no Pacific nations on the list.\(^{10}\)

Other countries also have migration quotas specific to members of the Pacific Island Forum, such as New Zealand’s Pacific Access programs or the European agreement for a quota of i-Kiribati and Tuvaluan seafarers in the EU offshore shipping fleet.

Moreover, it can be argued that all migration programs are discriminatory by nature. Australia’s emphasis on professional skills and English fluency advantages applicants from developed nations over those from less developed countries where educational opportunities are more limited. Within the developing world, applicants from the more affluent classes have a much better chance of being granted entry to Australia than those who have the misfortune of being poor. Anyone who applies for a visa to enter Australia is considered against a ‘risk factor list’ which includes the statistical likelihood of a person from a particular country overstaying, for example, ‘Fiji female 20 years or older’ or ‘Tonga male 20-39 years inclusive’ (Commonwealth of Australia 2000). In this sense a traveller from a particular country may be denied a visa, or at least required to provide additional proof of bona fide intentions, on the basis of the previous behaviour of compatriots.

The question is not whether or not a migration or labour market program should be discriminatory: it must be unless we opt for completely open borders. The question is rather one of policy: on what basis do we discriminate? Why should seasonal labour programs be opened up to Pacific Islanders rather than to workers from Asian nations like Indonesia and China? There are two answers to this question. First, given Australia’s peculiar role as the major aid donor and de facto guarantor of security in the Pacific Islands region, there are strong national interest and foreign policy arguments for discriminating in favour of the Pacific Island Forum countries for the purpose of issuing seasonal work visas (Dobell 2007). Second, in relative terms, a seasonal labour market program would be of far greater significance to the national economy of a Pacific Island nation than to the economy of most Asian nations.\(^{11}\) Even on a limited scale, targeted programs for Forum-member countries could provide enough jobs to make a significant contribution to the economic life of island states that have limited or constrained development prospects. For example Dennis (2003) estimates that 10,200 people in Kiribati (population 85,000) are directly dependant on the income of fewer than 1,500 seafarers. Kiribati consists of 33 atolls scattered over an area of ocean extending 4000km from east to west and 2000km from north to south:

Distances between islands and to other countries are long, and transport services are costly, infrequent and complicated. The natural resource endowment is poor. Only Banaba is volcanic; the other 32 islands are low-lying coral atolls with soils that are highly alkaline, calcareous and shallow with low water-holding capacity, little organic

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\(^{10}\) In contrast, the United Kingdom has expanded its Commonwealth holiday-makers scheme to Papua New Guinea, allowing PNG citizens to work in the UK for up to two years under certain conditions.

\(^{11}\) These arguments could be used to make the case that East Timor should be counted as a “Pacific” rather than an Asian nation for the purposes of seasonal work programs.
Clearly the prospects for economic development in a nation like Kiribati are severely constrained when compared to Asian economies like China, India or Indonesia with their large populations and expanding domestic markets.

However, this comparison with potential labour source countries in Asia raises a more substantial policy difficulty: determining which Pacific Island nations should be granted access to Australia's labour market under a seasonal scheme. Every island member of the Pacific Forum is likely to want to take part and there will not be sufficient places to satisfy all comers.

There are respectable arguments for favouring different sub-regions of the Pacific. In their study for AusAID, Appleyard and Stahl (1995) divided Pacific Island nations into three categories according to their underlying economic potential: unfurnished, partly furnished and fully furnished.

The 'unfurnished' nations (Tuvalu, Kiribati, Tokelau, Niue and the Cook Islands) were seen as suffering severe resource constraints and likely to remain ‘MIRAB’ economies – heavily dependent on migration, remittances, foreign aid and government employment (bureaucracies), (Bertram and Watters 1985). On this basis Appleyard and Stahl recommended that Australia provide those countries with “at least limited access to their labour markets, either on a temporary or permanent basis”. Tonga and Western Samoa were described as ‘partly furnished’ nations, with the potential to achieve a sustainable level of domestic output if aid and remittances were harnessed for the development effort. However in the short to medium-term, they would also require “an expanded market for their main export — labour services — at least on a temporary basis.” The ‘fully furnished’ countries of Melanesia (PNG, Fiji, Solomon Islands and Vanuatu) were believed to have the potential to achieve ‘sustained development’ if their rich resources were harnessed by appropriate development strategies. On this basis, the authors concluded in 1995 that migration would be relatively unimportant to the economic future of the Melanesian nations and saw “no need to introduce any type of concessionary migration program.”

Revisiting the issue in 2007, Appleyard and Stahl (2007) found that “much has changed.” Failed development policies in PNG, Vanuatu and Solomon Islands and political upheaval in Fiji, had left these ‘fully furnished’ countries “in desperate need” of temporary migration as “a short-term safety valve.” Labour migration was seen to offer “a breathing space” to get “development on track” and “help resolve what is becoming a concerning security situation.”

Appleyard and Stahl’s categorisation of the Pacific nations underlines the serious policy challenge that will have to be resolved before any Australian government opens up the rural economy to seasonal labour from the Pacific. Should priority be given to the countries of Melanesia (Vanuatu, PNG, Solomon Islands) that have the largest populations of young people in search of work and appear most at risk of civil unrest as a result? Or were Appleyard and Stahl correct in their 1995 conclusion that the resource rich countries of Melanesia at least have the ‘internal’ potential to develop alternative domestic, job-creating industries, and that priority should be given to Pacific micro-states (like Tuvalu and Kiribati) which have extremely limited economic options? A third ‘national interest’ line of argument would suggest that the countries with relatively high levels of English language competency and an established pattern of outward migration (such as Tonga, Samoa and Fiji) would provide Australian employers with the most work-ready labour force.
The choice of which Pacific Island nations or sub-regions should be invited to join the scheme would pose a sensitive issue for Australian diplomacy. One potential solution to this dilemma would be for Australia to construct an over-arching framework agreement, with the Pacific Islands Forum setting out the ground rules for such schemes and individual horticultural regions in Australia organising specific programs with a particular country or region. This could take the form of locality to locality partnerships not unlike the ‘sister city’ idea (see Maclellan and Mares 2006). A proviso might be that the schemes must be targeted at remote outer island communities within Pacific nations, where investment opportunities are most limited by poor communications, transport and infrastructure.

**Objection 8: The fear of overstaying**

Another frequent objection to the idea of seasonal labour programs in Australia is the fear that temporary workers will overstay their visas and ‘disappear’ into the community (adding to the stock of undocumented migrants).

The Canadian experience suggests that this fear is greatly exaggerated. Of the 15,123 workers who entered Ontario under Canada’s Seasonal Agricultural Workers Program (CSAWP) in 2004, only 221 (or less than 1.5 per cent) were listed as being absent from their jobs without leave at any time and some of these would have returned to their homeland early. All workers were reported to have left Canada and returned home by the end of the year (FARMS 2005c).

Initially, the low overstay rate in the Canada scheme was engineered through recruitment criteria that were skewed to select those seasonal workers deemed most likely to return to their homeland — that is, male workers who were married with children still at home (Basok 2000a). Recently however, the scheme has also been opened up to single men and women.

The most important factor in the low overstay rates in Canada appears to be that workers can return to their homeland confident in the expectation that they will be re-engaged to work again in Canada under the scheme in the following year. This “partly explains the lower number of overstayers compared with those in other similar programs” in other countries (UNDESA 2004: 128).

A useful comparison can be drawn to a scheme in the UK which allows university students from non-EU countries to work in agriculture. The UK scheme has an estimated overstay rate of between 4 per cent and 10 per cent which would be completely unacceptable in the Australian context (UK Home Office 2002). There are two reasons for this. First, unlike in Canada where employers pay the workers travel expenses up front, foreign workers entering the UK must bear the full costs of international travel themselves — often through borrowed funds. This raises the price of entry into the scheme and creates an incentive for workers to remain in the UK beyond the initial agreement, in order to recoup a reasonable return on their initial investment. Second, and most importantly, the UK program, unlike the Canadian scheme, is not primarily designed to be circular in nature. Although applicants can apply to return to the UK for seasonal employment in subsequent years, they will only qualify to do so as long as they remain in full time education. As a result, there comes a point at which these student-workers know that their only hope of continuing to work in the UK is to overstay their visa.

An Australian scheme for Pacific Islanders that held out a strong prospect of re-employment in subsequent seasons would be unlikely to result in high levels of overstaying. However,
additional incentives (or disincentives) could be applied to ensure that contracts are honoured, such as withholding a portion of earnings to be paid only when workers return to their homeland, or offering a substantial tax refund that could only be claimed after leaving Australia.

**Objection 9: Stifling innovation**

One of the more compelling arguments against the use of seasonal migrant labour in agriculture, particularly in horticulture, is that access to a ready pool of offshore workers will act as a disincentive to innovate and mechanise. It has been argued for example that the competitiveness of Australia’s wine–grape industry was enhanced by the introduction of mechanical harvesting, and that this innovation was a response to labour shortages and high wages. It is no coincidence, the argument goes, that this innovation occurred in Australia rather than in the wine regions of California, where vineyards can rely on a readily expandable supply of cheap, often undocumented, Mexican labour.

There is no doubt that labour shortages and high wages provide an incentive to innovate. However, if we turn this logic around, it could be constructed as to an argument for steadily increasing the pay rates of all low-skilled workers, in order to foster greater innovation in the economy as a whole — an argument few (if any) economists seem to be making. There may also be limits to mechanisation in certain sectors, such as horticulture, where the careful handling of tender fruit is essential to the delivery of a premium quality product. For instance, despite Australia’s advances in the mechanisation of wine-grapes, table grapes are still hand-picked.

Furthermore, if the putative ‘natural’ state of the economy allows for the free movement of all factors of production, then the regulation of the Australian border is by its very nature an intervention in the economy. The question then becomes one of policy: under what circumstances do we allow foreign labour to circulate more freely? How do we ensure that that foreign labour is ‘priced’ in such a way as to ensure that the incentive to innovate is not destroyed? Given the competitive pressures on Australian horticultural producers in the global economy, the alternative to importing foreign workers to pick Australian fruit may be importing foreign fruit to fill Australian shelves and surrendering international horticultural export markets to Australia’s competitors in South Africa, Chile and China.

Creating a floor underneath the pay of seasonal horticultural workers and ensuring that this floor rises with the minimum wage for all low paid workers in the Australian economy is one way of attempting to prevent the industry from becoming complacent and reliant on cheap labour. Whether the Commonwealth government’s ‘fair pay’ mechanisms under the WorkChoices legislation will ultimately provide such a mechanism is open to question.

**Objection 10: Fostering dependency in source nations**

There is an argument that creating seasonal work programs for Pacific Islanders will only foster greater dependency on Australia than ever before. There are two main strands to this argument.

The first strand of the dependency argument relates to workers’ remittances and the uses

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12 Canadian growers later recoup about 40% of these expenses through periodic wage deductions, but deductions must be made at a rate less than 3.5% of weekly wages.
to which they are put. It is argued that remittances are overwhelmingly used for ‘personal consumption’, rather than ‘productive investment’. On the micro-level, access to foreign income is said to displace other forms of useful activity (such as gardening to grow food for the household). On the macro level, remittances push up the value of the local currency, spurring imports, discouraging exports and widening the Pacific Islands’ already yawning trade deficits (Hughes and Sodhi 2006).

The assumption that Pacific Island families will spend their offshore income unwisely is at once condescending but also runs counter to conventional assumptions about the primacy of personal economic choices in a market economy.

Nor is it a simple matter to demarcate the borderline between personal consumption and productive investment. Are improved sanitary arrangements in the home (such as a bathroom with running water and a septic tank) consumption or investment? If such improvements have a beneficial impact on health then surely this will increase the productive capacity of the family unit. Similarly is the purchase of a motor vehicle consumption or investment? It may be a little of each, increasing the efficiency of a family-run enterprise or doubling as an informal local taxi as well as providing amenity and enjoyment.

Similarly, the remittances of adult children working overseas to parents in the homeland can be seen as an intergenerational return on investment. While the aged parents may be ‘consuming’ the wages of their children, this can be seen as a form of social security provision not dissimilar to older Australians “consuming” their retirement incomes. Richard Brown, in a recent World Bank study notes that migration “is rarely an individual decision, but takes place within an extended family context, where families may allocate individuals (as human capital) into a range of distant labour markets” (World Bank 2006: 78).

Brown's detailed study of the impact of remittances in Fiji and Tonga, demonstrates that the impact of remittances is far more complex and far more positive than the dependency model put forward by Hughes and Sodhi would suggest. He concludes that in both countries migration and remittances performed a “critical, positive role ... in relation to household savings, education, income distribution, and poverty alleviation” (World Bank 2006 p. 93). He finds that the “education of children” usually featured highly among the priorities of remittance receiving households, a conclusion supported by other recent research (UNDESA 2004: 95-111). Brown also finds that the economic benefits of remittances spread well beyond the immediate family unit with “inter-household transfers” (and transfers to social organisations such as churches and clubs) providing an “important mechanism for reducing income inequality” in Pacific Island nations (World Bank 2006:96).

Remittance spending patterns also change over time. Studies of the impact of remittances under CSAWP in Canada suggest that income in the first years of employment generally goes on such things as paying off debts, improving housing and nutrition and education (Russell 2004; Verduzco and Lozano, 2004). But Basok (2003b) finds that the longer workers participate in the scheme, the more likely it is that they will devote a proportion of income to an income generating scheme in the homeland (such as purchasing land, livestock, a small shop or a taxi).

However Basok (2000b) also points to the conundrum of targeting the Canadian scheme at the most disadvantaged applicants. Landless farmers, or those who come from arid and infertile regions, are less likely to invest their income productively because they know that the limited opportunities available in their home region make it unlikely that they will generate any return on their capital. Reliance on offshore work opportunities to fund consumption may
thus constitute the most rational of all available economic strategies.

If we transfer this insight to the Pacific context, then in some situations (such as in outlying islands) ‘productive investment’ in such things as cash crops may be wasted if the infrastructure does not exist to transport produce to market. A family may find that there is a more immediate return to be had from using remittance income to fund a move to an urban centre that offers greater opportunities for employment and education.

The second strand to the ‘dependency’ argument is that seasonal labour schemes are a distraction from the main game of creating viable domestic economies in Pacific Island nations, and thus enable governments to avoid more onerous but ultimately necessary policy measures. This is not a compelling argument. It is true that seasonal labour schemes cannot solve the problems of unemployment and underemployment in Pacific Island nations, and it is sensible to inject a degree of caution into any discussions, to ensure that they are not presented as a panacea for the region’s economic ills. But there is no reason why seasonal labour schemes and other policy options should be seen as an ‘either/or’ proposition. Temporary labour migration can go hand in hand with other policy measures. Indeed, Australia could choose to link labour market access to other areas of economic reform or improved governance, just as it does with its aid program.

**Conclusion**

Proposals to bring Pacific Island workers to Australia on short-term visas to fill seasonal gaps in the rural economy raise complex issues and there are legitimate reasons for moving ahead with caution. Some of the objections to such schemes — such as fears of overstaying or ‘stealing’ Australian jobs, garner significant media attention. However on closer investigation these issues appear to be of much less substance than some less obvious concerns — such as the risk of stifling innovation in the rural economy or contributing to a long-term decline in wages paid for agricultural work. The challenge of finding an appropriate model of regulation to minimize the potential for abuse and exploitation of foreign workers also looms large — the devil will lie in the detail. The appealing symmetry of a ‘Pacific solution’ — Australia has jobs with no workers, the Pacific has workers with no jobs — should not distract from other policy measures — such as initiatives to generate rural employment opportunities for indigenous Australians, or to foster the conditions for sustainable long term growth in Pacific Island nations. On balance however, the proposals for a seasonal labour program warrant further investigation – at least in the form of a small scale pilot scheme to test the feasibility of such ideas in practice.
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