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Enhancing the Australia-Tonga bilateral relationship through the 'Pacific Seasonal Worker Pilot Scheme'

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In 1994, he was appointed as the Naval Adviser to Tongan Contingent Commander, Pacific Peace Keeping Force in Bougainville. He was appointed as the Executive Officer of the Tonga Navy in 1995. Commander Fifita attended the Australian Joint Command Staff in 2002. He was appointed as the Acting Commanding Officer of Training in 2003 and became the Component Commander of the Tongan Navy from 2004 (until 2012).

In 2008, he posted to the US Central Command, Tampa Florida as the Tonga Senior National Representative at the Coalition Headquarters. He was appointed as the contingent commander in

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Abstract

This paper addresses Australia's 'Pacific Seasonal Worker Pilot Scheme' (PSWPS)—since replaced by the 'Seasonal Worker Scheme'—a program intended to provide seasonal employment in the horticultural sector for workers from Pacific island countries. One of those countries is Tonga, which was one of the first three Pacific island countries approved as a 'labour sending country' at the beginning of the pilot scheme.

The paper identifies the major failure of the program as its inability to attract the anticipated number of workers, primarily because of competition from backpackers but also because of insufficient marketing and high costs associated with the program. It examines several policy options to address these issues and concludes with a number of recommendations specifically aimed at improving the scheme in order to enhance the bilateral relationship between Australia and Tonga.

Enhancing the Australia-Tonga bilateral relationship through the 'Pacific Seasonal Worker Pilot Scheme'

Introduction

The Australian Government launched the 'Pacific Seasonal Worker Pilot Scheme' (PSWPS) in 2008 as a three-year pilot scheme to test the feasibility of a seasonal worker program with Pacific island countries.¹ The objectives of the scheme were:

[To examine] whether a seasonal worker program is able to contribute to economic development in Pacific island countries through employment experiences, remittances and training; and provide benefits to growers in the Australian horticultural sector who can demonstrate they cannot source local labour.²

In December 2011, the Australian Government made a decision that the PSWPS was to be an ongoing program, relabelled as the 'Seasonal Worker Program'.³

Tonga was one of the first three countries approved as a 'labour sending country' at the beginning of the pilot scheme. After three years, the Australian Department of Foreign Affairs and Trade (DFAT) reported that 'Tonga is by far the most successful participant in Australia's Seasonal Workers Program with over 80 per cent of participants in the programme so far'.⁴

The Australian Department of Education, Employment and Workplace Relations similarly concluded that the pilot scheme had met its objectives of assisting Australian employers in the horticultural sector, and contributing to economic development in Pacific island countries.⁵ However, there are some issues that are undermining the scheme, the key one of which is the small number of workers the PSWPS has attracted to date.⁶

Accordingly, and in order to enhance the bilateral relationship between Australia and Tonga, this paper proposes some policy options that would assist in redressing the shortfall. It will discuss and analyse the PSWPS' failure to attract the anticipated number of workers, examine the policy options to address this issue and their likely impact, and conclude with a number of recommendations.

The issue

During a conference held in 2008 on the scope for 'an Australian seasonal work visa scheme for Pacific islands labour', it was claimed that '20,000 workers [are] required in the horticulture sector [of Australia]'.⁷ In August 2008, the Australian Government announced the PSWPS would run until June 2012 with provision for up to 2500 labourers from the Pacific islands to work in Australia's horticulture sector.⁸

However, in the first two years of the scheme, only 123 workers actually arrived; and, by June 2012, the scheme had attracted only 1633 workers in total since its commencement.⁹ This was clearly less than the target of 2500. It was also in marked contrast to the 7000 or so Pacific islanders working each year in New Zealand under the 'Recognised Seasonal Employer' scheme, a program similar to PSWPS. Furthermore, the PSWPS figures are miniscule when compared to the estimated 37,000 backpackers who work on Australian farms every year.¹⁰

There are a number of factors that may be responsible for the small numbers the PSWPS has attracted. These include that the scheme is not well known; the high levels of risk and costs, coupled with a perceived excessive amount of red tape to join the scheme; and that the majority of seasonal work in Australia is taken by backpackers.¹¹

In 2011, a survey of growers and related 'approved employers' revealed that only half those surveyed had heard of the PSWPS; the remainder had either not heard of the scheme or had insufficient information about it to form an opinion.¹² The survey suggested that the main reason

for this lack of knowledge was poor promotion of the scheme, which was not vigorous, which meant that many growers had insufficient information to convince them to consider engaging in the scheme.¹³ Marketing the pilot scheme had largely been by word of mouth in local communities, primarily using existing growers and approved employers in regions to spread information about the scheme.¹⁴

A further factor is that the majority of work in the agricultural sector was being absorbed by backpackers, which was the main reason for the low numbers attracted to the PSWPS.¹⁵ Rules relating to working holiday visas for backpackers had been relaxed at about the same time, specifically with regards to the horticultural sector, which inadvertently undermined the PSWPS,¹⁶ which itself had been purpose-designed to funnel seasonal labour into the agricultural sector, particularly to pick fruit.

This lack of policy coordination resulted in backpackers being funnelled into the same sector, with the offer of a second year's visa (second working holiday visa) if they worked on a farm in their first year for three months or more.¹⁷ And backpackers are clearly winning the employment race. According to an evaluation of the PSWPS, 91 per cent of the 70,000 second working holiday visas granted in the period July 2008 to March 2011 related to the agricultural sector.¹⁸ It is understandable, therefore, that of the surveyed growers who were aware of the PSWPS, 73 per cent said their primary reason for not participating in the scheme was that they used backpackers as their main source of labour, and that they were satisfied with that arrangement.¹⁹

Another factor impacting on the success of the PSWPS is that growers and approved employers perceive the scheme's costs to be too high. The main reasons relate to expensive conditions and excessive red tape.²⁰ Management of the PSWPS resides with a mix of at least four federal and state/territory government departments and agencies, involving a range of requirements and compliance monitoring, each adding opportunity costs to the scheme.²¹ Furthermore, the financial costs associated with the pastoral care and travel requirements of PSWPS workers, which are not incurred with in-country labour choices such as backpackers, result in higher costs to growers, further affecting the profitability of their businesses.²²

Some policy options

Improved marketing to industry

The marketing of the PSWPS to industry needs to be more vigorous.²³ This needs to be a government-led role but also requires the support of all stakeholders, particularly approved employers, growers and the Tongan community. It needs a cohesive marketing campaign, ideally coordinated by a specialist commercial agency with expertise in marketing to the horticulture industry.²⁴ Such an approach would likely result in a more vigorous marketing of the scheme, and with more prospect of garnering the required support of all interested stakeholders.

Measuring the 'return on investment' is a significant factor in successful marketing of the scheme.²⁵ For customers (growers) to make a considered decision on whether to participate in the scheme, the provision of hard data supporting the prospective benefits of participation would be the best way to assist with their consideration. Hence, qualitative information on the productivity that can be achieved, and quantitative data such as the scheme's capacity to provide a consistent, reliable, returning workforce that improves workforce planning and increases horticulture productivity, are critical factors to be measured and provided to stakeholders as part of the marketing campaign.²⁶

Employment arrangements for second working holiday visa holders

In order to attract more growers to participate in the PSWPS, it will be crucial to 'level' the backpacker playing field if the PSWPS is to have a chance. Continuing to funnel both PSWPS labourers and backpackers into the same economic sector is counter-productive. Moreover, if it persists, the PSWPS will never have a chance because of the cost disparity to stakeholders of administering and operating the PSWPS against employing labourers under the backpackers' visa extension scheme.²⁷

In analysing the strengths of the PSWPS, one advantage of PSWPS workers is their higher quality; unlike backpackers, they are reliable and they will complete the job before they leave.²⁸ For their part, backpackers are encouraged by the opportunity to qualify for a second working holiday visa if they agree to work in the agricultural sector. Policy considerations, therefore, could include making the second year holiday visa available for other types of low-skilled labour, rather than just the agricultural sector, in turn reducing the concentration of backpackers in the exact sector in which the PSWPS is competing.

Alternatively, the Australian Government could consider removing the second-year option for backpackers to work on farms, thus removing a key barrier that is currently preventing PSWPS workers from being the labour force choice for growers. Ultimately, such policy considerations must aim to establish the best possible conditions for success for the PSWPS.

Streamline the processes and reduce costs

The compliance costs of the PSWPS are too high, and the scheme needs to be streamlined and its red tape reduced. As the scheme has now progressed from trial to a permanent arrangement, it is suggested that the Australian Government should consider relying on random rather than 100 per cent substantiation checks as it does in most other areas of policy.²⁹ It is also suggested that the overly onerous requirements for documentation, such as contingency plans in case the original work plans are derailed, as well as monthly reporting and labour market testing need to be reduced. In essence, the costs imposed by PSWPS processes, and the resultant costs to the growers, need to be reduced.

Impact analysis

Benefits

The stability and the future of the PSWPS are clearly linked to ongoing labour demand from the agricultural sectors. The higher the labour demand from the agricultural sectors the better, as that is likely to give more stability to the PSWPS. Because a low engagement rate by Pacific workers is threatening the success of the PSWPS, suggested policy options must focus on improving labour take-up rates and the attractiveness to growers of PSWPS labour compared to alternative options. Attracting more growers into the scheme by de-incentivising the use of backpackers will provide increased opportunities for growers to assess the overall benefit of labourers through the scheme.

As Tonga is the major labour contributing country to the scheme, and has been since its beginning, Tonga would benefit most in terms of remittances.³⁰ Tonga has a historical dependence on remittances, which have accounted for 30 to 40 per cent of its GDP in recent years, and which play a vital role in Tonga's economy.³¹ In addition, Tonga would benefit from associated investment in infrastructure, skills and knowledge transfer, as well as its citizens enjoying an increased opportunity of accessing employment in Australia.³²

From Australia's perspective, the PSWPS should be seen as an indication of its commitment to Tonga and other Pacific islands. As well as being a symbol of Australia's willingness to engage with the nations of the Pacific, it provides much needed economic assistance to the Pacific island states.³³ By continuing to improve the success of the program, the Australian Government will positively increase its engagement, both domestically and internationally. It will also improve productivity and provide economic benefits to Australia and Tonga. In particular, Australia will be contributing longer-term benefits to Tonga by assisting with the development of human capital and skills for Tonga's labour force.³⁴

Risks

The primary risk is the failure of the scheme as a result of unsustainable low labour demands due to the availability of alternative labour options for growers, which represents a reputational risk to the Australian Government, both domestically and in Tonga and the wider Pacific region. The Australian Government's PSWPS public and international narrative is one of scheme success and future announcements regarding expansion of the scheme through similar trials into other industries such as tourism.³⁵

In addition, the respective reputations of the Australian Government and the Tongan Government could be impacted if local job seekers are displaced; if a Tongan seasonal worker is arrested for a serious crime while in Australia; or if poor recruitment practices or inappropriate worker selection lead to poor experiences for growers or approved employers, adversely affecting the take-up rate of the program.³⁶

Conclusion and recommendations

The PSWPS is a significant program for both Australia and Tonga that enhances the bilateral relationship. Hence, it is essential to ensure the stability and future success of the scheme. Rectifying the low number of growers attracted to the scheme is critical. The policy options suggested in this paper seek to redress grower participation rates. There are also several policy-related recommendations that should be considered to address the issue of the small numbers currently being attracted to the scheme, namely:

- Consider funding a specialist agency to deliver and manage a communications campaign to comprehensively and consistently market the PSWPS to the horticultural industry and other stakeholders;
- Consider tasking the Department of Education, Employment and Workplace Relations to support marketing activities by producing annual qualitative and quantitative data on PSWPS to demonstrate to industry the business case for participation;
- Consider the second year of a working holiday visa extension conditional on other type of work being undertaken instead of just in the agricultural sector; and
- Consider streamlining PSWPS processes and reducing the costs involved with the processes.

Notes

¹ Department of Education, Employment and Workplace Relations (DEEWR), *Final Evaluation of the Pacific Seasonal Worker Pilot Scheme*, Australian Government: Canberra, September 2011, p. 4.

² DEEWR, *Regulation Impact Statement: seasonal labour mobility initiative with Pacific island countries and East Timor for development purposes*, Australian Government: Canberra, p. 2.

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- 3 Danielle Hay and Stephen Howes, 'Australia's Pacific Seasonal Worker Pilot Scheme: why has take-up been so low?', Discussion Paper 17, Development Policy Centre, Australian National University: Canberra, April 2012, p. 7.
- 4 Department of Foreign Affairs and Trade (DFAT), *Australian Aid to Tonga Overview*, Australian Government: Canberra, 2014, available at <<http://aid.dfat.gov.au/countries/pacific/tonga/Pages/home.aspx>> accessed 25 July 2014.
- 5 DEEWR, *Final Evaluation of the Pacific Seasonal Worker Pilot Scheme*, p. 5.
- 6 Jesse Doyle and Stephen Howes, 'The Official Evaluation of the Pacific Seasonal Worker Pilot Scheme: an opportunity missed', DEVPOLICYBLOG, 24 May 2013, available at <<http://devpolicy.org/the-official-evaluation-of-the-pacific-seasonal-worker-pilot-scheme-20130524-2/>> accessed 28 July 2014.
- 7 Hay and Howes, 'Australia's Pacific Seasonal Worker Pilot Scheme', p. 7.
- 8 Jonathan Ritchie, 'Pacific Solutions? The Pacific Seasonal Worker Pilot Scheme as a Symbol of Australian Relations with the Pacific Islands', *Social Alternatives*, Vol. 28, No. 4, 2009, p. 14.
- 9 AusAID, *Labour Mobility Initiative: independent progress report*, Australian Government: Canberra, March 2013, p. 5.
- 10 Hay and Howes, 'Australia's Pacific Seasonal Worker Pilot Scheme', p. 7.
- 11 Richard Curtain, 'What Future for the Seasonal Worker Program? A Conference Report', 9 August 2012, p. 2, available at <<http://devpolicy.org/what-future-for-the-seasonal-worker-program-a-conference-report20120809/>> accessed 12 August 2014.
- 12 'Approved employers' might be growers or labour-hire companies. They are responsible for recruiting, employing and placing the Pacific seasonal workers: see Hay and Howes, 'Australia's Pacific Seasonal Worker Pilot Scheme', p. 8.
- 13 Hay and Howes, 'Australia's Pacific Seasonal Worker Pilot Scheme', p. 20.
- 14 DEEWR, *Final Evaluation of the Pacific Seasonal Worker Pilot Scheme*, p. 7.
- 15 DEEWR, *Final Evaluation of the Pacific Seasonal Worker Pilot Scheme*, p. 22.
- 16 Hay and Howes, 'Australia's Pacific Seasonal Worker Pilot Scheme', p. 38.
- 17 Working holiday visa is a 'cultural exchange program design to deliver both social and economic benefits to Australia and provide short-term casual workers. The program enables young people, colloquially known as backpackers aged 18 to 30 years, without dependent children, to work while they travel': see Department of Immigration and Border Protection website, <<http://www.immi.gov.au/Visas/Pages/417.aspx>> accessed 12 December 2014.
- 18 DEEWR, *Final Evaluation of the Pacific Seasonal Worker Pilot Scheme*, p. 23.
- 19 Hay and Howes, 'Australia's Pacific Seasonal Worker Pilot Scheme', p. 19.
- 20 Hay and Howes, 'Australia's Pacific Seasonal Worker Pilot Scheme', p. 14.
- 21 The four Federal Government departments and agencies which are DEEWR; Department of Immigration and Citizenship; Fair Work Ombudsman; and State and Territory Governments' occupational health and safety departments.
- 22 Curtain, 'What Future for the Seasonal Worker Program? A Conference Report', p. 3.
- 23 Hay and Howes, 'Australia's Pacific Seasonal Worker Pilot Scheme', p. 1.
- 24 DEEWR, *Final Evaluation of the Pacific Seasonal Worker Pilot Scheme*, p. 9.
- 25 DEEWR, *Final Evaluation of the Pacific Seasonal Worker Pilot Scheme*, p. 10.
- 26 DEEWR, *Final Evaluation of the Pacific Seasonal Worker Pilot Scheme*, p. 10.
- 27 DEEWR, *Final Evaluation of the Pacific Seasonal Worker Pilot Scheme*, p. 34.
- 28 Hay and Howes, 'Australia's Pacific Seasonal Worker Pilot Scheme', p. 12.
- 29 Hay and Howes, 'Australia's Pacific Seasonal Worker Pilot Scheme', p. 37.
- 30 DFAT, *Australian Aid to Tonga Overview*.
- 31 Hay and Howes, 'Australia's Pacific Seasonal Worker Pilot Scheme', p. 4.

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- 32 DEEWR, *Regulation Impact Statement*, p. 26.
- 33 Ritchie, 'Pacific Solutions? The Pacific Seasonal Worker Pilot Scheme as a Symbol of Australian Relations with the Pacific Islands', p. 17.
- 34 DEEWR, *Regulation Impact Statement*, p. 24.
- 35 DEEWR, *Regulation Impact Statement*, p. 25.
- 36 DEEWR, *Regulation Impact Statement*, p. 25.

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