



PROPOSED PILOT PROGRAMME

**WORKFORCE FROM ABROAD
EMPLOYMENT SCHEME**

NATIONAL FARMERS' FEDERATION

ABN 77 097 140 166

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Executive Summary

- **The agricultural sector will need up to an additional 100,000 workers as it emerges from drought and production approaches pre 2002 levels**
- **Horticulture and fruit growing is convincingly the area in which the greatest demand for entry level employees exists. Not only has it lost the second greatest number of workers across all agricultural subsectors since 2002 due to drought, but it is forecast to have the highest growth in employment**
- **Horticatures entry level employment needs are further inflated by its especially labour intensive nature, whereby much of the work required has not and cannot be mechanised**
- **Existing migration solutions almost exclusively target the skilled and semi-skilled labour and skills shortages, which includes six of the seven top occupations in agriculture**
- **The use of working holiday makers, whilst alleviating labour shortages to an extent, cannot supply the quantity of labour to horticulture, much less in a reliable, consistent fashion. The quality of labour and limitations of the visa add to its ineffectiveness to single-handedly resolve deficits in labour supply**
- **The opportunity for a scheme of reciprocal benefit within the horticultural sector is overwhelming. The benefits to workers and their host nations include paving the beginning of a career path, the growth of valuable skills and technical competencies and cultural relationship development, to name a few.**

1. INTRODUCTION

The National Farmers' Federation ("the NFF") is the peak farming lobby group representing producers of all major commodities in relation to issues affecting more than one State or commodity. The NFF's membership comprises State farm and commodity organisations with individual farmer members.

In September 2005, the NFF released its Labour Shortage Action Plan in response to increasingly severe labour shortages in the agricultural sector. The Plan aimed to bring about a better understanding of employment in the industry and consequently, the nature and extent of labour shortages. Based on this, it outlined key measures in a multi-faceted labour sourcing strategy. Importantly, it also identified areas in which the research and development of ideas were needed to more effectively formulate ways in which to resolve regional and rural labour shortages.

In April 2008 the NFF announced its second Labour Shortage Action Plan to review the state of employment in the industry and the efficacy of the measures proposed, as well as to identify further issues, solutions and their implementation. In 2005, it was estimated that as farm output reapproaches pre-drought levels, around 50,000 additional employees would be needed in the farming sector. A concerning finding in the 2008 Plan was that at the beginning of 2008, the conservative estimate had grown to the need for around 80,000 – 100,000 additional employees. Many other sources estimate it is significantly more than this number, but in any event it means that the number of additional workers the agricultural sector will need is equivalent to 1 per cent of the entire Australian workforce over the next five years. Bearing in mind that the current agricultural workforce represents 3.5 per cent of all employed persons in Australia, the significance of needing one third that number again highlights the contextual importance of the current situation. It is based on this that the increased demand for labour within agriculture is in the order of numbers equal to over one per cent of Australia's total workforce.

Agricultural labour shortages are pervasive across all regions, subsectors and occupations. When considering the range of occupations that have been affected, the crisis is certainly better framed as both a labour and skills shortage. At the beginning of 2006, the NFF significantly expanded its focus on education and training as a key

mechanism to resolve the deficit of core skills in the sector. In tandem with this, efforts to streamline and improve access to skilled migrants have continued to allow the sourcing of tradespeople, managers, professionals and paraprofessionals for farm occupations. A number of initiatives have also sought to change misconceptions that farming does not demand skilled or professional occupations when in fact they are crucial to the industry – consider commodity traders, farm managers, veterinary surgeons, ecologists, climate change scientists and horticulturalists, to name a few. Although skilled labour shortages continue to represent a major problem for the industry, entry level positions are just as problematic, yet have not received nearly the attention that the skilled occupations have at the levels of both policy and practical initiatives. This proposal sets out a number of programmes which will resolve labour shortages at the entry level of the sector’s workforce where the domestic labour supply is entirely unable to do so.

The 2008 Plan outlined the NFF’s preference to engage local workers in regional Australia, or at least from Australia generally. Full utilisation of regional human resources is fundamental to the NFF’s increasing focus on the importance of regional development and growing regional and rural Australia. The 2008 Plan also raised the importance of introducing incentives and concessions for people willing to travel to or remain in areas for the purpose of engaging in on-farm employment. However, the reality is that the domestic pool of labour is simply inadequate in size. Further, a significant proportion of the domestic labour pool which includes many who are currently unemployed, either find travelling to the necessary workplaces cost-prohibitive, do not wish to work on farms or for that matter, anywhere. In any event, even if a huge proportion of the available domestic labour was enlisted, large deficits remain likely, particularly in the subsectors where shortages are the most drastic.

The NFF has therefore developed this pilot programme as one initiative in its broader efforts to target labour shortages in the area of entry-level positions. These positions include those where experience and even basic skills typically developed on the job are unnecessary. For the purposes of this proposal, the term ‘entry level position’ refers to any position in the range of levels 8 and 9 of the Australian Standard Classification of Occupations, being an unskilled or relatively low-skilled role. The proposal outlines the framework in which a variety of target groups could be engaged as a vital source of labour for such positions.

The proposal welcomes the invitation of the Federal Government to test the needs and possibilities of a pilot programme for entry level workers from the Pacific Islands. It explores measures through which citizens of neighbouring Pacific Island nations could be engaged, drawing on submissions the NFF has previously made to the Senate Employment, Workplace Relations and Education Committee under the previous Federal Government. In this regard it is essential to note that this proposal addresses key concerns surrounding both the initial proposal and the Senate Committee's findings, and develops the proposal in vastly greater detail. This document also frames the role of the *Workforce from Abroad Employment Scheme* within the broader Australian migration programme by specific reference to its sound interrelationship with existing visa classes.

Another component of the proposal investigates policy and more importantly practical initiatives which could target refugees granted permanent residence, and new Australians granted residence in the family reunion migration schemes more effectively for entry level work. This would ideally focus on skill-building, community engagement and providing a smooth transition for new permanent residents into Australian communities.

The NFF firmly believes that a trial or pilot programme of this proposal, if implemented according to strict criteria such as those it sets out, would effectively bring about a mutual benefit to the participants. The golden thread to each component of the proposal is the reciprocal nature of the relationship between the group of workers targeted, employer and indeed between both of these and Australia more broadly. At the very least the proposal seeks to serve as a catalyst for discussions and engagement with Government on labour shortages in entry-level agricultural positions and a broader range of solutions and initiatives to address these.

2. LABOUR SHORTAGES IN DETAIL

There is little doubt that the Australian economy as a whole is experiencing major labour and skills shortages in almost every sector. Whilst the NFF believes that this state of employment has an obvious and exponential impact on regional and rural Australia, it acknowledges that supportive data and sound evidence is crucial to not only establishing there are labour and skills shortages, but also provide an analysis of where they are

occurring, the subsectors they are impacting and the occupations with the greatest deficit of available workers. The NFF acknowledges that such detailed information could not be presented to the Senate Committee Inquiry in 2006 into harvest labour needs because of the vast vacuum of data pertaining to agricultural employment. For example, the ABS still omits reporting on detailed analysis of key statistics within agricultural employment. However, the NFF has since conducted pervasive research and collated a variety of data and relevant information, including official figures, member surveys and report findings in order to paint a clearer and more accurate picture of the labour and skills shortages, together with evidence of their impact on the sector.

Over the two decades from 1981 to 2001, employment in the agricultural sector enjoyed an overall upward trend, despite numerous drought events and notwithstanding the unusual concurrence of productivity growth. In 2002, a one in one hundred year drought event had a catastrophic impact on the sector, after sustained periods of severe drought both prior to and following this event. This event is widely regarded as the worst drought period on record in Australia, reducing agricultural output by one quarter. Based on the following data, the NFF estimates that the total net fall to January 2008 is in the range of 80,000 to 100,000. Based on the added demands associated with drought recovery, the need to return to an overall upward trend in long term employment levels and the need for future capacity to exceed previous levels of production, the number of employees needed in the next five years necessarily exceeds the number lost in the preceding five years.

Consequently, the sector's output fell by record levels as with it, the size and scale of farming operations and the level of employment in the sector. Federal Treasury estimates that based on Australian Bureau of Statistics ("ABS") data, the 2002 drought directly reduced agricultural employment by 100,000 in the period from the December quarter of 2001 to the March quarter of 2003¹. The raw ABS statistics, citing supporting Department of Employment and Workplace Relations trend data, states that there was a net decline in the employment level of 80,000 in the five years to 2007, including the losses in 2002 and subsequent falls in almost all of those years.

¹ *Labour Force Australia 2004* headline ABS industry employment category for agriculture.

Labour Force Australia – Employment in Agriculture and Services to Agriculture

| <i>Year</i> | <i>Number</i> | <i>Change</i> |
|-------------|---------------|---------------|
| 1999 | 393,000 | - |
| 2000 | 415,000 | +22,000 |
| 2001 | 401,000 | -14,000 |
| 2002 | 412,000 | +11,000 |
| 2003 | 349,000 | -63,000 |
| 2004 | 345,000 | -4,000 |
| 2005 | 336,000 | -9,000 |
| 2006 | 329,000 | -7,000 |
| 2007 | 334,000 | +5,000 |

The ABS states that figures represent employment in agriculture, forestry and fisheries, in which 85 per cent working in agricultural jobs, 7 per cent in jobs providing services to agriculture and 8 per cent working in forestry, logging and commercial fishing². Further, Citing ABS data, SkillsInfo projects that the services to agriculture category will continue to dominate the growth categories in the broad sector, after skewing general trends in the sector upwards in the final quarter of 2007³.

The NFF's estimate of 80,000 – 100,000 job losses in the farm sector is widely supported by additional authoritative data and commentary. The Productivity Commission's research found that 70,000 jobs were lost after the 2002 drought alone, followed by further declines up to 2007⁴. The Department of Employment and Workplace Relations estimates on its own figures that employment fell by 81,600 in the period of 2002 – 2007, and Agrifood Industry Skills Council estimates the loss at 80,000 in the same period. The raw ABS data above clearly indicates a loss of 63,000 jobs in 2002-03, followed by net losses of 15,000 to 2007, or a total decline in agricultural employment levels of 78,000.

² *Year Book Australia 2006*

³ *Employment Outlook for Agriculture, Forestry and Fishing*, October 2007

⁴ *Trends in Australian Agriculture* July 2005

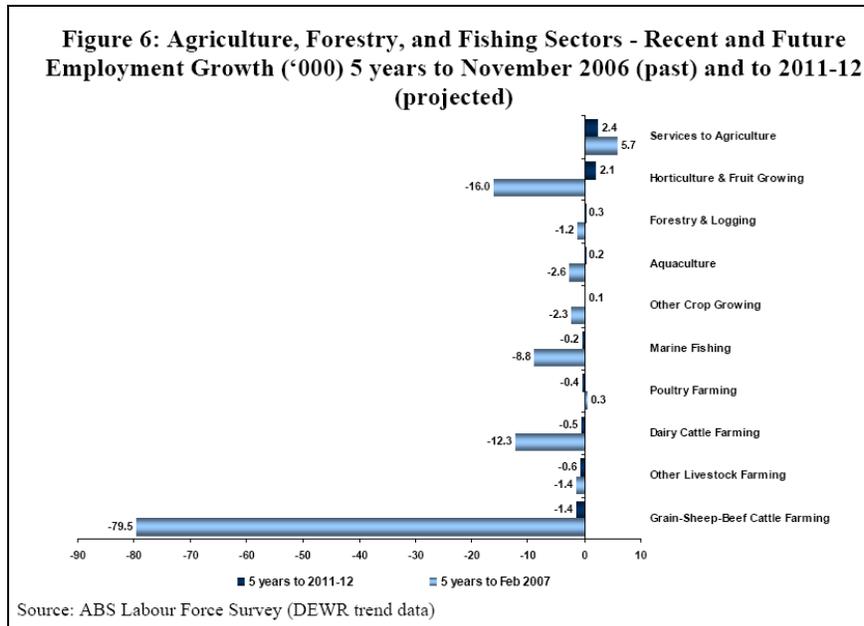
In terms of the level of employment required in the coming five years, University of Sydney research carried out by the Faculty of Agriculture, Food and Natural Resources, and supported by the Australian Institute of Agricultural Science, asserts that the agricultural sector will need a growth in employment levels of 36% over the next six years (124,000 people, or 113,000 excluding services to agriculture). These are the key statistics upon which the NFF estimates the range of required workers as 80,00 – 100,000. These figures are based on the five year period to February 2007. In the twelve months that followed, the ABS reports that the employment level in agriculture fell by a further 14,000 people.

Labour shortages within agricultural employment traverses every subsector of Australian farming. The seven top occupations in agriculture are livestock farmers, farm hands, crop farmers, mixed crop and livestock farmers, mobile plant operators, bookkeepers and shearers⁵. Interestingly, each of these occupations is highly skilled – for example, mobile plant operators and shearers are trade qualified or experienced to such a degree, the various farmer occupations are managerial and demand a wide skills and experience base, and bookkeeping is paraprofessional occupation. By subsector, the combined category of grain, sheep and beef cattle had the largest decline in employment, at as much as 79,500 based on Department of Employment and Workplace Relations trend data. More notable is the fact that the grain, sheep and beef cattle category is where all of the top seven occupations are not only situated, but in fact where the demand for them is heavily concentrated.

Horticulture and fruit growing is the subsector which has experienced the second most severe decline in employment levels with losses of 16,000 jobs in the five years to February 2007. But ABS and Department of Employment and Workplace Relations data projections comfortably identify that the highest growth in agricultural jobs (excluding services to agriculture) will be on horticulture and fruit growing at around 18.1 per cent in the ten years to 2011-12. The Australian Farm Institute further forecasts employment growth over the ten years to 2015 at 40 per cent⁶.

⁵ *Labour Force Australia 2007*

⁶ *Australian Farm Sector Demography: Analysis of Current Trends and Future Farm Policy Implications, 2005*



In the context of the entry-level and lower skilled occupations within the purview of this proposal, these figures vividly explain the merits of targeting horticulture for the proposed pilot programme. Not only has it sustained the second greatest decline in the last five years, unlike the grains, sheep and beef cattle category, a vast majority of roles in horticulture are at the entry level. Like every other subsector horticulture has experienced massive declines to its labour force. However, unlike others it is expected to experience major growth in coming years, exacerbating its needs beyond other subsectors.

Moreover, unlike the grains, sheep and beef category, many roles are at levels which have not received much or indeed any focus from a policy perspective, or through other practical initiatives. The 457 Business Long Stay Visa, notwithstanding its inflexibilities in terms of agricultural occupations, and the regional skilled migration programme, through regional concessions, have catered to occupations across levels 1 to 7 of the Australian Standard Classification of Occupations, which include managers, professionals, paraprofessionals and tradespeople. Education and training initiatives have increasingly focused on skill building across the same occupations. But sourcing labour at the entry level has been widely neglected and poses major obstacles to the prosperity and future growth of horticulture as a result of its reliance on such workers.

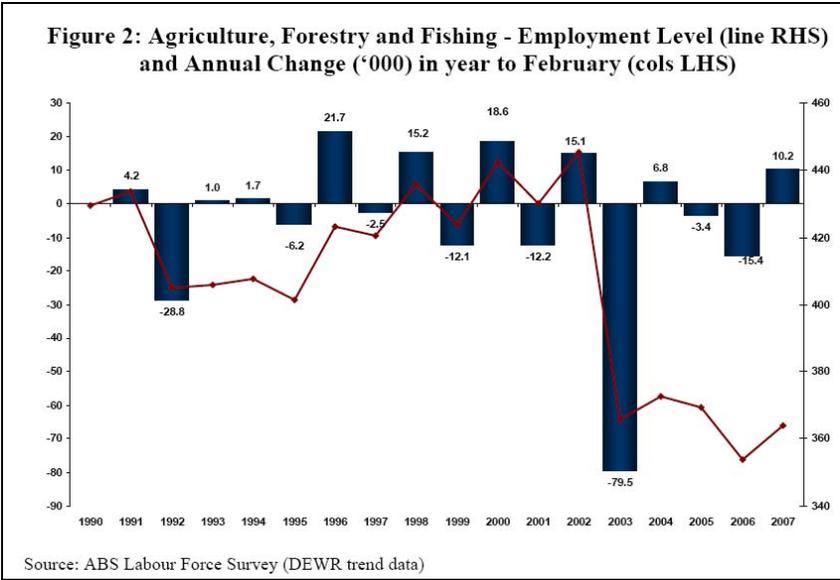
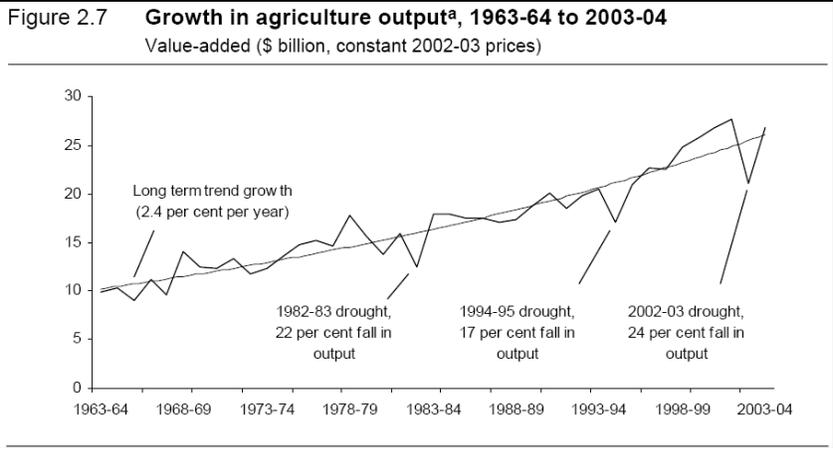
The problem of labour shortages across entry level positions is undeniably based firmly in population deficits. Domestic labour supplies cannot address the problem. For instance,

there are over half a million unemployed people in Australia, and an additional half a million who are underemployed. If unemployment, hypothetically speaking, was reduced to zero, and agriculture got the 3.5 per cent share it has of the workforce as a whole, an additional 35,000 workers would leave a shortfall of up to 70,000 across the sector as a whole. In practice, this would never happen. Whilst the NFF continues to focus on improving the participation of the unemployed, underemployed and those marginally attached to the workforce, it is simply delusional to think that even best case outcomes from those efforts can even dent the nature and extent of the problem of growing labour shortages.

3. WHY HORTICULTURE?

The various sources of data, many cited in the preceding section, which quantify job losses in the sector, quite distinctly state that they were solely and specifically attributable to the 2002 drought event. The relationship between drought and farm output in most cases is relatively clear, particularly when considering fundamental needs such as water for crops, or feed for grazing. Following from this, almost all farm production is labour intensive; that is, output is highly reliant on human capital. Consequently, drought reduces the maximum extent of farm production, which directly governs the extent of labour required. Conversely, sudden and large scale drought recovery results in major and immediate demands for labour.

The following ABS graphs clearly depict this correlation, in particular the decline to both associated with the 2002 drought event.



The impact of drought on different subsectors varies markedly. For example, cattle and sheep face medium term flock reductions and ultimately deaths as feed becomes scarce, expensing to acquire or otherwise untenable. Crops and horticultural produce on the other hand frequently suffer a more immediate impact. This is exacerbated by the narrower windows in which yields must be harvested and the direct impact on plantations of prolonged water deprivation and limited access to irrigated water supplies. Given that the focus of this proposal is on entry level labour shortages, and the most significant demand for workers at this level existing within the horticulture and fruit growing subsector, it is important to review how labour shortages impact on the industry.

Horticulture is a \$7 billion industry, exporting \$763 million of produce in 2006-07⁷ and employing almost a quarter (22.5 per cent) of people working in agriculture, being 81,700 workers⁸. Horticulture Australia Council affirms the NFF's concerns regarding the lack of data collected by Government in this regard, and coupled with the mobile nature of much of the horticultural workforce, believes that the number employed changes within the range of 75,000 to 175,000 people at any given time. A noteworthy aspect of the industry is that labour accounts for around 50 per cent of the costs of production. The current sources of horticultural labour are set out in the following table⁹:

| SOURCE | PERCENTAGE OF WORKFORCE |
|---|--------------------------------|
| Backpackers | 38% |
| Locals | 34% |
| Non-local Australians under 55 | 12% |
| Students | 7% |
| Unspecified or unknown | 5% |
| Non-local Australians over 55 (or "grey nomads") | 4% |

Horticulture Australia Council makes reference to the *Report of the National Harvest Trail Working Group* of June 2000, which found that overwhelmingly the impact of labour shortages in the sector had resulted in many producers being unable to bring produce in at the critical time required due to a lack of labour. Since that report was released, the industry has grown but employment levels have fallen, exacerbating this phenomenon. The World Bank, in its submission to the Senate Committee, set out a number of major losses directly associated with the lack of labour in the sector. For instance, the Queensland Fruit and Vegetable Growers' Association reported losses of \$90 million in 2000, the Department of Business Industry and Resource Development estimated losses of between \$5.8 million and \$26 million in 2006 in the mango industry.

⁷ Horticulture Australia Limited

⁸ *Employment Outlook – Agriculture, Forestry and Fishing* October 2007

⁹ Horticulture Australia Council

Horticulture Australia estimates overall losses in the vicinity of \$700 million, which is almost the value of total horticultural exports in 2006-07.

There are a number of key aspects of the horticultural sector which make it particularly suitable for entry level employees. First, such employees typically commence as pickers, with the basic skills required to perform this function being taught on the job. Although picking appears a somewhat basic task, over time it necessarily develops employees to the extent that they approach the level of the semi-skilled occupation of production horticulturalist. Indeed quality assurance, plant management and a host of other skills are often highly involved, requiring attention to detail and the use of techniques. There are many other tasks involved with horticultural production, such as canopy maintenance, vine production and pruning to name but a few. In essence, the sector is particularly ideal in that it is accessible to those without experience, and yet it presents a number of opportunities through which to build skills.

Most horticultural work does not involve heavy machinery, heavy lifting or other risky and dangerous tasks. Notably, the 2004-05 Compendium of Workers' Compensation Statistics Australia reports that horticulture has by far the lowest fatality rate within the agricultural sector, a significantly lower incident rate and an overall cost of compensation well below the rest of the sector. Although like any "hands on" work there are risks, these are significantly lower in horticulture than other areas within agriculture.

From the perspective of employers, the need for reliable workers at very specific times is most important within the horticultural sector. The volatility and inherently high turnover of both working holiday makers and grey nomads does little to address such targeted demands for labour. Further, employers are very much at the mercy of the travel plans of both these groups – unless their property is located in a popular travel region, it is unlikely such workers will be available to them.

The Senate Committee which considered the need for Pacific Island workers was largely dismissive of the nature, extent and cause of the labour-shortage-induced losses referred to above, but given the notable absence of other clear reasons for the losses, alongside the massive reliance of the sector on labour, such dismissal arguably beggars belief. The Department of Agriculture, Forestry and Fisheries highlighted the plight of horticulture in its reliance on workers on account of the minimal, almost non-existent contribution of technological advances and broader productivity gains to harvesting, an inherently human

capital intensive task. However, the Department of Employment and Workplace Relations opined in its submission that the demand for labour had been met adequately in recent years. The most obvious problems with both these comments and ultimately the findings of the Senate Committee are the disregard for future needs within the industry and the failure to appreciate the implications of the sector's comparative labour intensiveness. Following from this, attributing major losses in the fastest growing sector of agriculture to other vicissitudes, and failing to appreciate that labour shortages are a major issue across the economy which are invariably exacerbated by the remoteness of agricultural operations, represent a fundamentally misguided approach to what is clearly evidenced to be a serious issue for the national economy.

The NFF believes that previous concerns surrounding allowing seasonal, entry level workers from other countries are unfounded and based significantly on misperceptions. New Zealand's introduction of a scheme on almost identical terms has proven an enormous success, with none of the issues arising that are typically cited as justifications to avoid the approach in Australia. The chief of Australia's Pacific policy recently said on ABC Radio that "[a]ll the reports I've got back to date is that the scheme is working well... The protections built in to ensure people are wisely protected. That they are paid full entitlement wages, that they are properly accommodated. That they are not taken advantage of, and they return – that those things appear to be working well."

The NFF believes that New Zealand and Canada offer important opportunities to learn from difficulties and successes in implementing and administering such a programme. The NFF believes this would be particularly important in any ongoing administration and adjustment throughout a pilot programme and beyond, and would hope to build solid relationships at a policy and industry level to specifically consider the issues with any programme introduced in Australia.

4. FOREIGN SEASONAL WORKFORCE

The NFF believes that reciprocity of benefit must underpin any arrangement by which the horticultural sector can utilise foreign workers to meet its demand for entry-level labour. In this regard, it is important to ensure that participant workers and their country of origin

derive a range of benefits from the work they do. Naturally, rates of pay and conditions of employment must be subject to the relevant award, typically the *Horticultural Industry Award*. This ensures that workers would be employed via an industrial instrument consistent with the aims and intentions of the *Forward with Fairness* legislation, to be enacted and implemented over the next two years. The main changes to the award under these reforms involve the introduction of National Employment Standards. Importantly, of these standards, many will not be relevant to persons participating in this proposed scheme. On the other hand, existing provisions relating to public holidays that will form part of these standards could be extended by Gazettal for participants in the scheme to allow them to take public holidays of their home country. Due to the total award reliance of the roles participants would fill, and the continuity of these through the *Forward with Fairness* reforms, there are irrefutably sound, existing protective frameworks to ensure not just equitable, but excellent terms and conditions of workers. Indeed, in view of the fundamental importance of labour to the horticultural sector, payment would ideally fall in line with current market rates, based on rates of pay for existing employees within individual participating organisations, and in this regard fall above these award rates – the protection of the award would apply at all times, but remuneration would likely be above the award rates. Many roles covered by the relevant award are paid at generous piece rates of pay, offering a valuable incentive drive and the opportunity to earn beyond hourly rates, whilst underpinned by longstanding safety net provisions.

However, there are many other benefits arising from this scheme which should flow to participant workers. The inherent skill-building associated with picking will allow workers to return to their country of origin with new and useful skills and ideas. More broadly, a greater appreciation of workplace practices and general skills are also likely to represent useful knowledge the workers can build. Travel to Australia in itself represents a valuable and possibly exciting experience, as well as exposure to a different culture and way of life. Unlike metropolitan areas and capital cities, regional and rural areas are less likely in many cases to result in culture shock foreign cultures or other similar difficulties. The 2008 Labour Shortage Action Plan notes that a key aspect of why foreign workers are ideal for work in rural areas stems from their desire to experience this part of Australia rather than merely remaining in coastal, city areas. Australians on the other hand are less likely to want to do so. It is easy to underestimate the extent to which people from many nations, many who are well-educated university graduates, enjoy experiencing country Australia in part through this kind of work.

Relations between Australia and participant nations are also very important. Many neighbouring countries have repeatedly called on Australia to engage their workers as the benefits to individuals collectively represent major benefits to these nations. It is therefore important to consider the nature of criteria for eligibility and inclusion on the schedule of participant nations.

PARTNERSHIP COUNTRIES

Having regard to the need for reciprocity not only between employer and employee, but between Australia and the other nations involved, it is essential to consider the fundamental criteria that would apply in enlisting participant countries.

A core criterion, focusing on the flow of benefits, should require consideration of whether the country receives aid from Australia. Quite simply, this is based on the notion that the best aid is often achieved through building skills and experience. Following on from this, another related criterion would consider the extent to which a nation engages in horticultural production as a significant component of economy, and the extent to which practices in this area might benefit from exposure to Australian farm work.

In February 2008, it was announced that Australia would seek to commence the Pacific Agreement on Closer Economic Relations (“PACER”) negotiations, a forum in which to discuss free trade with neighbouring Pacific Island countries. The NFF strongly believes that offering the opportunity to earn valued Australian levels of income would be a sound offset to the tariffs many of these Pacific Island nations would lose, estimated by Nathan Associates as up to \$10.6 million per annum. The opportunity to build basic skills as a pathway to more technical training would be invaluable to the process of growing these nations as they seek to boost trade opportunities under any free trade agreement arising from the PACER negotiations. The opportunity for workers from these countries to experience Australian culture, further presents the importance of growing relations between the nations at a social and cultural level. In terms of the PACER negotiation process, it is clear that the chance to work in Australia is valued extremely highly by these nations. The NFF constantly receives correspondence from many of these nations urging us to continue to seek change to policy that would allow entry level workers from their countries to work temporarily in Australia in a programme exactly like that which the NFF has set out through this proposal, an indeed in its previous proposal. The most overwhelming evidence of the value these nations place on the opportunity for entry level

employees to work in Australia is evident in the submissions from these nations to the Senate Committee Inquiry into the previous proposed pilot programme involving these nations in 2006. Submissions strongly supporting that initiative were received from the Pacific Islands Forum Secretariat, Australia Fiji Business Council, Australia Pacific Islands Business Council and the Australia Papua New Guinea Business Council, the Government of Papua New Guinea, and the United Pacific Islanders of Wide Bay. Other key supporters who made submissions include the World Bank, Oxfam Australia, and the Institute for Special Research – Swinburne University of Technology. Perhaps most notably, the joint submission of the Australia Fiji Business Council, Australia Pacific Islands Business Council and the Australia Papua New Guinea Business Council state:

The Councils wish to place on the record the view that the question of access to the Australian labour market is arguably the single most important issue between Australia and the Pacific island countries in the view of the Pacific island countries, and that Australia's management of its relations with the region over the next several years is likely to come to be judged by how it handles this issue.

The general state of international affairs between Australia and each nation will also be a core consideration in terms of which nations are allowed to participate. The state of internal affairs in other nations must also be considered, in particular bearing in mind that regions of instability may be more likely to result in difficulties once workers' period of assignment in Australia is completed. It is equally as important that the economy of each nation be reasonably expected to meet its own demands for labour, so as to avert any adverse impact on their own commerce and industry.

In addition to these key factors, the practical aspects of which nations would be engaged as partners in this scheme are important. As well as meeting the above criteria, Pacific Islands are also relatively close to Australia and airfares are not cost prohibitive.

PARTICIPATING REGIONS

Having regard to the need to individually tailor induction and pre-departure training and briefings of the workers, it is necessary to select the areas they go to according to support mechanisms at a social level, as well as by the need for workers evidenced by the employers. Regions would ideally offer a 'local ambassador' to assist their visit and social interactions, as well as resolve any general problems and issues such as cultural or administrative concerns. The role would also assist the workers enjoy and participate in

the region as visitors, and ensure that local communities were supportive and accommodating.

PARTICIPANT EMPLOYERS

The employers involved in a more permanent *Workforce from Abroad Employment Scheme* must be carefully selected based on specific criteria which consider the full range of issues and potential impact on various groups in the community. Generally, an employer must be situated in an area where there is a demonstrated shortage of entry level workers, allowing some latitude as to the nature and extent of the evidence required to demonstrate this. Employers must be committed to best practice human resource management and planning, and as a result have demonstrated sound efforts to market the relevant vacancies locally and Australia-wide. Employers who offer competitive, above award payments and bonuses will be favoured, providing all other criteria are also met. Additionally, those who offer more planned and effective training will be recognized and possibly favoured on this ground. Employers should offer to meet the individual workers' requests in terms of where payments are directed, within certain guidelines. It goes without saying that employers would be a requirement that employers would have an excellent record as indicated by the Workplace Ombudsman, the Department of Immigration and Citizenship or other Government or workplace safety body in terms of both the employment of Australians and of foreign workers. Further related to best practice, employers will undertake thorough training relevant to the requisite skills, workplace safety and general employment conditions. Priority will be given to farmers who implement an ongoing training plan to maximise the extent to which workers can build skills. They will also conduct induction training and either conduct or arrange cultural education and awareness sessions outlining aspects of life in rural Australia.

Interestingly, the NFF believes that over and above ensuring the safety, comfort and prosperity of workers, a strong focus on farmers who are committed to human resource management will more openly demonstrate the enormous importance of this in farm businesses and the extent to which both employers and employees benefit exponentially through the fruits of good relations. Indeed it is quite likely to give impetus to others to expand and develop their interest in and focus on human resource management.

One extremely important point that must be made in placing these demands, as important as they are, on prospective employers under this scheme relates to process and the vital

need to avoid the creation of red tape. A simple application process would most effectively involve relevant information on safety, employment practices and planning being gathered through inter-departmental cooperation, the option to use strictly approved labour hire companies and a broad range of measures minimising the demands on farmers to obtain and then submit such data. Conversely, the NFF appreciates the importance of considerable sanctions and penalties applying to employers who breach the conditions of the visa or ordinary workplace obligations. The best approach is to closely tie the good practices of reputable employers with fast-tracking and greater access to ongoing migration solutions, and to make breaches result in suspension and expulsion from further eligibility in a range of programmes. Further, Australian Government Departments would need to build smooth and effective relationships with their counterpart bodies in participant nations in terms of obtaining core information on applicant workers. The enthusiasm demonstrated by many nations to be involved in a scheme of this nature would no doubt be reflected in strong cooperation through these relationships.

PARTICIPANT WORKERS

The employees engaged under this scheme need not possess any relevant experience, and indeed a core focus of the initiative is to provide the chance for them to build skills and receive useful training. Having said that, those who do have relevant experience should be recognised as they will still have ample opportunity to further develop their knowledge, and employers will further benefit from their competencies and greater efficiency.

But the most important eligibility criteria relate to core aspects of an applicant's character. Establishing solid ties and contributions to their community of origin, through family for example, would be one important consideration. Applicants would need to demonstrate a sound understanding of Australian law, and if relevant, also abide by laws applying in their own country, much as Australians are required to refrain from activity that despite being legal abroad, is illegal in Australia. A clear criminal record would be mandatory, and employment or character references highly desirable. In combination, these and other measures would paint both a formal picture of the applicant, and a more personal picture of their attitudes. The latter is important for many reasons, not the least of which is the importance of a positive attitude in harvest work – this is an often cited problem with working holiday makers working in the sector. Consideration of an

applicant's goals and desired experiences, both in terms of work and otherwise would also be an important part of assessing their character and suitability.

Subsequent applications for assignments would give significant weight to compliance with Australian law and indeed whether workers duly return on or before the date of expiration of their visa. It may be prudent however to disallow such compliance from consideration of in visa applications for permanent residence, having regard to the intention of the scheme being to return benefits to participant nations, rather than tap their workforces in a permanent fashion. In a similar regard, it may be necessary to limit the number of visas a given worker may be granted, although the possibility of progressing selected participants into Occupational Trainee Visas (subclass 442) would be an important option to leave open. This ensures a balance between the need for ongoing and extensive labour on Australian farms, and the integrity of the visa and its intention to benefit the other countries involved.

It is also important to ensure that workers are in good health and physically capable of performing the work. Whilst the latter is important, it is important to bear in mind that many people working in the harvesting aspects of horticulture are in their retirement and perfectly capable of the work. Workers would also be required to have a sound command of English in recognition of the importance to health, safety and their general interactions with Australian communities.

The criteria applying to applicants are in many respects no different to the ordinary considerations of job applicants. However, they aim to provide a more detailed insight than is typically formed of harvest workers due to the importance of effective control mechanisms.

TERMS OF THE VISA

The visa should probably occupy a new subclass so as to be distinct from existing subclasses and maintain the integrity of those existing visas. In order to maximise access to labour and ensure sufficient time for employees to develop skills and earn a beneficial amount of money, a visa under the scheme would ideally last for around six months, whilst being flexible to the needs of the employer and employee. This balances the needs for assistance from workers with the needs of their home nations. It also reduces the likelihood of overstaying after the visa expires. It also ensures that the fixed costs

associated with engaging the workers are spread over a longer period and thus minimised in terms of the overall cost-benefit considerations. Realistically, a minimum of three months would need to apply for such commercial reasons. The specific length of the visa would most appropriately be governed by a well-evidenced work schedule, which will vary in terms of needs from season to season. Ensuring this kind of planning also allows controlled flexibility in tailoring the visa to meet the specific needs in terms of the work to be performed and the specific aspirations of employees.

The visa should not be tied to a single employer to allow workers to move along the harvest trail. The Australian Government job search website offers a valuable service through its Harvest Trail Information Service, which sets out the timing of peak harvest periods across the country. This allows working holiday makers and grey nomads to plan their travels around the availability of work, and could provide similar planning assistance to workers under this scheme. It would also allow employers with short term assignments to benefit from the scheme and allow workers to see more of Australia. The role of labour hire companies would be particularly essential in the coordination of assignments. They would need to be strictly approved as the official employers of the workers, and all places of work would need to be approved as if they are in fact the employers. Importantly, these considerations highlight that it would be necessary for a work plan to be detailed, outlining costs, movements, remuneration and other community involvement ahead of departure. This would be supplemented by solid pre-departure training focusing on safety, rights, conduct and cultural issues. Substantive training would remain the province of individual employers, as although it is commendable this has been explored in other programmes, the specific needs of producers will always override any such training of a general nature.

Employers, whether they are producers or labour hire companies, would be required to meet the return airfare and other travel costs for all visas of six months or more. Shorter periods could be negotiated between all stakeholders. To consider a few examples, airfares between Australia and many Pacific Island nations in February 2008 include \$392 return to Fiji on Qantas, \$698 return to Samoa on Air New Zealand, \$518 return to Tonga and \$738 return to the Cook Islands. Certain peak periods are likely to inflate these prices, and costs are likely to be higher between countries with less air traffic. An important note however is that even with a total travel cost of \$1000, if spread over 26 weeks this represents an additional \$1.01 per hour assuming a standard 38 hour working

week and pay on an hourly rate, and given the preference to those offering above award rates it is unlikely this would be considered cost prohibitive.

Employers would be required to arrange accommodation for employees. Providing free accommodation would be treated as a non-monetary component of remuneration and duly acknowledged as an above award payment. It would also result in additional recognition of good human resource management practices. However, any accommodation provided by employers would need to meet all Australian standards and as a rule of thumb, be of a standard that the employer would be comfortable living in. Providing accommodation at a concessional or even nominal rate would also be viewed favourably. But many farmers may not have the necessary infrastructure to provide this and further, employees engaged by labour hire companies may move to numerous workplaces, which may or may not have the ability to provide on site residence. The core obligation of the employer is to arrange accommodation at market or preferably discount rates, of a standard consistent with commercial providers of accommodation in Australia.

The NFF strongly believes that the Australian Government must also contribute to the scheme in recognition of the valuable remedial measures it will provide towards addressing labour shortages. A number of changes to existing frameworks and policy would greatly assist in advancing the scheme. For example, participating employees should be afforded access to the tax free threshold that applies to Australian citizens. This is consistent with the directions of broader taxation policy, such as the 13 per cent withholding rate for seasonal workers, aimed at assisting people working in such jobs. Workers under the scheme should be given temporary access to Medicare and a selection of other Government services not traditionally available to foreigners. Whilst the terms and extent of Government involvement and indeed expenditure are ultimately a matter for Government, such cost could arguably be sourced from existing foreign aid budgets given the way in which the benefits to employees are structured under this scheme.

RELATIONSHIP WITH OCCUPATIONAL TRAINEE VISAS

The existing Occupational Trainee Visa subclass 442 is a temporary visa designed to allow temporary supervised training on the job or academic research for foreign workers. It provides a similar benefit to their nations of origin through building important skills and competencies. Unlike the proposed entry level worker visa, it focuses on the next

stage of skill building and thus a clear natural progression for those with particular interests in horticulture in their homeland.

The two key requirements are that workers have at least 12 months of relevant experience – which they could get on the entry level visa in Australia, or in their home country – and that they have recently graduated from a foreign educational institution and are seeking on the job training. Flexibility in terms of both these requirements could extend to participants in the *Workforce from Abroad Employment Scheme* based on recognition of experience, or through optional formal training in Australia whilst working under the visa. In essence, the progression would be almost seamless under existing criteria. It would continue to develop skills which employees could apply in their home communities whilst supplying an ongoing source of labour with increasing skill levels to farms. Another major problem with working holiday makers is the necessary turnover that occurs due to limitations on the length of time they may spend with one employer. This in turn means it is almost impossible to draw on the efficiencies and other benefits of a workforce that improves through experience and a better skill set.

In terms of existing prerequisites for the occupational training visa, flexibility to the scheme in general as well as the visa as a next step, could specifically allow for recognition of training provided during the period of employment under the Workplace from Abroad Employment Scheme. To ensure a smooth transition and to reflect the continual learning model adopted in Australia, the Australian Government may wish to consider providing an additional requirement for Scheme participants to access the Occupational Trainee Visa.

The present requirement of twelve months experience or graduation from an educational institution would necessitate the Scheme worker returning to their home country or participating in the Scheme for two or more periods over an extended period of years. One option that may be considered is to reduce the twelve months experience requirement down to six months for participants in the Scheme, thus allowing them to immediately transition from the Scheme into the Occupational Trainee Visa without returning to their home country. One proviso in such an approach could be that the worker would need to be enrolled in an AQTF Certificate II or III Apprenticeship prior to the conclusion of their involvement in the Scheme.

A second option would be to establish a third criteria in the Occupational Trainee Visa that provides for acceptance when a worker is enrolled in an AQTF Certificate II or III course and to have already completed the Occupational Health and Safety competency unit. This would resolve circumstances when a Scheme worker is only employed for a period less than the maximum of six months. Such a change to the Occupational Trainee Visa would have added benefits to the employer, employee, and the originating nation.

The employer, who has identified a suitably motivated employee would be in a position to continue the employment beyond the visa term, thus ensuring continuity in business operations and addressing longer-term labour needs. The employee is able to continue to develop their skills and be trained under world leading AQTF principles. The employee is then contributing to the skills needs of the Australian nation.

The originating nation benefits through the worker being exposed to a greater and wider range of modern farm practices, including environmental best practice and occupational health and safety. This knowledge can then be returned to the originating country and deliver significant advances in their own human and national capital.

Australian farming has learnt many difficult lessons over time, such as dealing with salinity problems, land clearing, soil profiles and crop rotations, fertiliser and pesticide overuse. Australian horticulture has also lead the way in achieving world's best quality assurance and product integrity. If these nations are to build their industry to compete on the international markets, these are invaluable qualities for them to develop, through exposure to our model.

From an Australian perspective, the proposed entry level visa focuses on introducing workers to horticulture. The Occupational Trainee visa develops employees towards levels of competency similar to those of a trade, and the 457 visa addresses skilled and some semi-skilled occupations in demand. Together, such a migration framework clearly offers a comprehensive set of options targeting all levels of work and focused strongly on the needs of those working at each level.

5. NEW AUSTRALIANS

Each year, Australia welcomes many new permanent residents. Without limiting the potential this broad group of people holds to resolve labour and skills shortages across the entire agricultural workforce, there are a few groups which could particularly benefit from engaging in entry level farm work. New Australians resettling under family reunion schemes could be given incentives to move to regional areas, tied to both the relocation and working in agriculture. This would have a major impact on regional growth. They might also have the approval of their family's entry tied to agreeing to such a movement. The NFF believes incentives for these people could be explored using many approaches, and further, that existing incentives include the less hectic lifestyle, familiarizing these people with Australia, the relatively low cost of living and the massive opportunities to find work, particularly in farming.

Another is refugees who have been granted permanent residence in Australia face many and varied challenges as they seek to build their lives. These include the need to earn and save money having regard to the likelihood that basic work is the most accessible and of particular use if it builds skills and experience. They must also learn English and develop a better understanding of Australian culture and communities and consequently, to realign their own identity as Australian residents.

Entry level farm work has ample potential to deliver in all of these ways, for example through its capacity to provide on the job training and the quintessential Australian experience of the outback it inherently involves. The abundance of employment opportunities heightens the appeal, and the existing support offered to permanent residents in obtaining work would assist in travelling and relocating to regional Australia. It would also allow them to benefit from the lower living costs in the early stages of their resettlement in the country.

The Australian Cultural Orientation programme could be more effectively engaged to get new residents involved in agriculture. There is a strong case for the notion that the best way to assist people in resettling is by showing them they are needed by the country whilst concurrently presenting them with opportunities to grow and develop that contribution and their personal wellbeing.

In order to successfully improve the extent to which refugees newly granted permanent residence can resolve entry level and indeed all levels of labour and skills shortages in farm work, there are a number of key requirements to the supporting framework. First, the employers involved must be of an excellent calibre and reputation to the same extent and for the same reasons they ought to be as such if they are to be involved in engaging foreign entry level workers. Second, areas with adequate support services such as English language training services, community based welfare groups and general community support is readily accessible. The Refugee Council of Australia notes the importance of established former refugees from the relevant country of origin who have already resettled - It is desirable if not essential in assisting the new residents overcome isolation and in a pastoral sense, and the process of resettlement more generally¹⁰. Finally, incentives to attract new residents to agricultural work need to be expanded and improved to ease the cost burdens associated with travel and resettlement, to name a few. Many similar incentives are already offered, and the relatively smaller cost of establishing a home in regional areas could possibly even ease the overall level of expense whilst simultaneous creating population growth, the development of regional areas and their available workforce.

6. IMPLEMENTATION FRAMEWORK

The strict criteria that would apply, particularly to foreign temporary workers engaged in entry level positions, would need to be refined through consultations with farming employer groups, unions, Government departments and stakeholders. In this regard, the existing agricultural working group would be an ideal forum and body to do the detailed work.

Introducing the *Workforce from Abroad Employment Scheme* by first conducting a pilot programme would allow greater controls and monitoring of the process. A small but important aspect of a pilot would be to gain survey feedback from the participant workers to improve processes, address issues and form a clearer view on the successes and issues to be considered ahead of establishing the visa subclass generally.

¹⁰ *Australia's Refugee and Special Humanitarian Program*, February 2007

7. CONCLUSION

The use of entry level workers from overseas has long attracted criticism, more often than not from groups and individuals who believe that despite the clearly articulated wishes of the workers who would benefit and their nations of origin. In the case of new permanent residents, those residents and groups which seek to aid their resettlement would not doubt also wish to speak for themselves in deciding the options available to them and the extent to which they would value and indeed embrace the option of relocating to a regional area.

Similarly, many groups make largely unsubstantiated claims that such an initiative would deny this level of work to Australians, although in the current environment of pervasive labour shortages, such claims are very difficult to justify. In any event, groups representing the interests of Australian workers, whilst more than readily claiming to protect the employment opportunities for Australians, have single-handedly failed to advance candidates, adopt measures and implement policies to place them in the huge number of available jobs. Conversely, some unions have embraced a cooperative approach and a realignment of focus, much as the NFF has done, to the practical and widespread concerns caused to communities and thus their constituents of regional and rural labour shortages.

The vast absence of measures in recent times to address shortages of entry level workers in all areas of agriculture but particularly horticulture has exacerbated the problem, coupled with the broader economic climate both nationally and globally. The wider migration programme has all too often resembled a reactive and patchy set of solutions to specific needs without a broader, more strategic approach looking at how its components deliver outcomes to the individuals as well as organisations involved. The 457 visa for instance has targeted skilled occupations and with the regional concession, many semi-skilled occupations. Whilst many aspects of the visa must be reviewed in terms of its ability to deliver to the needs of different industries, its streamlined operation and consistency with local conditions, the regional concessions have greatly assisted farm businesses fill a major gap in the rural labour supply. Without it, the gap would once again exist and the implications particularly severe given that at least three of agriculture's most common occupations fall in this range of skill levels.

The NFF believes that the benefits of a carefully and responsibly conducted programme such as the proposed *Workforce from Abroad Employment Scheme* would immeasurably outweigh the costs and concerns, many of which are only perceived rather than actual in any event. Whether this scheme or a variant of it is adopted or not, the deficit of local entry level workers will not only remain, but grow. If nothing else, this proposal aspires to both raise and escalate the issue so that a range of solutions can be considered and implemented.