

Risks and rewards of allowing seasonal workers from the Pacific into Australia

Satish Chand

Director, Pacific Policy Project, The Australian National University

It is time some considered thought was given to allowing businesses short of workers to recruit from neighbouring Pacific island countries. Pacific island nations have an abundant supply of able and keen workers. It is, therefore, a 'no brainer' that a well regulated temporary worker scheme has the potential to be a 'win-win' for the employers and their employees in a regionally-deregulated labour market. What is less well recognised is the fact that easing of access to workers from neighbouring Pacific can also be a 'win-win' proposition for the participating governments.

The case against allowing Pacific workers into Australia has been made by appealing to some (as yet unsubstantiated) fears such as

- Pacific workers will inundate/flood Australia and thus lead to large job losses and wage declines for the locals
- terrorists and the like will use this channel to infiltrate Australia
- that these workers will overstay their visas and thus create havoc for the authorities.

These are possible risks but not plausible reasons for disallowing workers from the region to seek employment in Australia.

For several years now I have had little doubt that Pacific workers will eventually be allowed into Australia and New Zealand on a temporary basis. When this will happen in Australia remains to be resolved, however. New Zealand embarked on a pilot temporary worker program last year in the form of its Recognised Seasonal Employer Scheme (RSE) and is in the process of expanding this from a pilot comprising a few hundred workers last year to several thousand workers this year. Will Australia follow New Zealand's lead?

Much of the current debate has revolved around allowing Pacific workers into Australia (and New Zealand), but some thought must also be given to giving similar access to individuals from Australia and New Zealand who may want to work, invest, and/or retire in the Pacific islands. This would be an important step as it would allow jobs to flow back to the islands while strengthening the overall case for a deepened labour market for the region as a whole.

A privately run scheme

Successful temporary worker schemes such as the longstanding seasonal worker scheme run by Canada for workers from

the Caribbean (and the RSES New Zealand pilot) make it abundantly clear that allowing such worker mobility can create gains for all. These cases also show that governments need have only a minimal role. Let me use a familiar example to point out the risks and rewards of freeing up the flow of workers from the Pacific into Australia.

Most of us buy produce imported from all over the world. The import, distribution, payment, and any risks associated with these products are all taken care of by the private sector. I can buy nearly every item of consumption from Fiji, the country where I grew up, without having to worry about who produced the good, how it got to the market, and what happened to the (sometimes exorbitant) price paid for it. Do I care—you bet no! I bought some taro (*Alocasia esculant*) from the market, imported from Fiji, last weekend. This was no charity, but worth every cent paid for it.

Can we mimic such a scheme with respect to the inflow of workers from the Pacific? After all, in purchasing this taro, I was paying for the labour and land used in (that is, the factor content of) its production. What difference would it make if this same worker were imported into Cairns for work, on possibly better land, to produce the same taro? Should I care? What matters to me is value for my money—good quality taro at an affordable price is all I care about.

You may argue that the services of the worker imported in the taro are different from having to import the worker directly—no debate here. But what if an unemployed from the Pacific was used to harvest a crop in Australia that would otherwise go to waste? Pacific Governments and Australian farmers have indeed argued this to be the case. The potential downsides of allowing Pacific workers to pick fruit that otherwise would go to waste are difficult to identify. The worker could overstay: say, elope with a local, turn into a terrorist, or transform

into a tourist. All possible risks, but banning workers from coming to work in the first place is a poor solution to any one of the above-mentioned risks.

To be sustainable, a labour recruitment scheme would have to be run for profit; and not as charity. The employer and employee—more than likely with the assistance of an intermediary such as a labour recruitment company with the requisite expertise—would engage in mutually gainful exchange. High enough demand for these workers could even push such trade underground: recall the occasional reports of raids on farms with the apprehension of illegal workers. Legalising the import of labour will, more than likely, reduce such pressures. Regulatory oversight, however, will be required if the potential adverse effects of such a scheme are to be minimised.

Regulatory oversight

The purchased taro can hardly turn itself into a tourist and/or terrorist, though undetected bugs in it could very much do so. My past purchases, even when a few have turned out to be rotten, have not turned up tourist or terrorist—not yet at least. Rest assured I will turn them in to quarantine should they do so. But my supplier has every incentive to ensure that this does not happen. He will not only lose a good customer but also risk losing more should he allow less than a good product into Australia. The exporter in Fiji has every reason to ensure that none of the undesirables turn up, via the purchased taro, on my kitchen table. The Australian Quarantine and Inspection Service (AQIS) do an excellent job of keeping unwelcome visitors out. I am told that if there are any signs of bugs in imported produce it ends up in the incinerator—a practice I strongly endorse!

Policy dialogue

Could we mimic the AQIS service—less the incineration of the unwelcome impostors—with respect to the inflow of seasonal workers? I believe so. Penalties to both importers and exporters of unwelcome impostors, combined with an efficient detection system, would be enough to deter entry of undesirables. This is not a guarantee against any undesirables turning up; but this is just as true for the taro that I purchase.

Taro, however, does not overstay, not even in my tummy, but guest workers could. How could we best handle this risk? The answer, once again, lies in creating incentives for workers to live by their visa conditions. The possibility of re-entry for workers who win the support of their employers would be a strong incentive—akin to a carrot for good work; while holding a bond paid for from their wages, which would subsequently be refunded on return, could be another incentive for the workers to live by the conditions of their visa. A back-stop with an already efficient tax file number system that tracks these workers with a view to ensuring compliance with regulations will be another line of defence.

Incentives could also be designed to ensure that sending nations choose the best workers for the job. A simple scheme that reduces places by country, possibly two for every worker who jumps visa conditions, with the affected workers losing their bonds, would be a step in the right direction. This sanction will not eliminate the possibility of overstaying all together, but it will minimise this risk considerably. Much like my taro, there is always the risk of an unwelcome intruder through this channel, but there is a responsibility upon us all to assist the authorities in enforcing regulations that are in our collective and individual interest. This is not the place for details, but incentives can be worked out once in-

principle agreement has been reached to allow seasonal workers in.

How about the potentially adverse effect on wages? Pacific workers are never likely to flood the Australian market, thus claims of them driving down wage levels of Australian workers are exaggerated. The scheme, moreover, could be operated under strict guidelines with the inflows controlled so as not to have an adverse impact on employment of locals. Employers, if required to subsidise some costs of translocation of workers from the Pacific, would have a cost advantage in hiring locals in any case.

What if there are abuses of seasonal workers by their employers? This possibility cannot be ruled out easily, particularly in the case where workers are tied to specific employers and posted to outback Australia. We already have a good system to ensure that workplace conditions are adhered to, but these may need boosting if seasonal workers are to be allowed into the country. Sending countries may also want to do some monitoring of their own on conditions under which their workers are employed. Permitting workers to move between employers would also help in alleviating this risk. Again, this is not the place for details, but like the AQIS, we already have good systems in place to minimise such risks.

Time is money

Farmers in Australia need labour: by some reports, a hundred thousand workers are needed to pick fruit now. It has been reported that the bulk of this produce goes to waste due to the severe shortage of workers. Surprisingly, workers within the neighbouring Pacific are standing by to come to the rescue. This labour movement

Policy dialogue

would not be for charity but for profit. Making this market is good for the farmers, their workers, the communities, and their governments.

Unemployed and disenchanting youth—a common situation in several of the Pacific nations—are a critical ingredient in social unrest. The 2006 riots in Honiara and Nuku'alofa show that such youth can be mobilised easily to create chaos. Providing these individuals the opportunity to work and travel abroad harnesses their energy for production rather than chaos. Furthermore, they could go back home having earned their keep, being exposed to functioning markets and good public services, and possibly ready to invest in themselves for prosperity. This would be a bonus, and not an unlikely possibility. After all, I do not worry too much about how my taro dollars are used.

Finally, much has been debated on the merits and demerits of having Pacific island seasonal workers in Australia and New Zealand. At the heart of these discussions has been the desire to shift workers from a region that has an excess supply to one where there is excess demand. Why not an equal emphasis on shifting jobs to the Pacific Islands? This could happen if the island governments themselves gave similar access to individuals, investors, and retirees from Australia and New Zealand. Rather than substituting for local workers, such movement will create jobs in the Pacific countries and reduce the need for their workers to move abroad.

Australia needs workers while workers from the Pacific need jobs. The risks of such mobility can be addressed while the rewards of allowing workers to mobilise themselves in this way can be significant. Wasting time in facilitating such mobility is simply wasting money: time is money!