

Regulation Impact Statement

Seasonal labour mobility initiative with Pacific island countries and East Timor for development purposes

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Introduction

This document is a Regulation Impact Statement (RIS) for low-skill seasonal labour mobility arrangements with Pacific island countries and East Timor.

In August 2008, the Australian Government announced the introduction of the Pacific Seasonal Worker Pilot Scheme (the Pilot) to test the feasibility of a seasonal worker program with Pacific island countries and to examine:

- whether a seasonal worker program could contribute to economic development in Pacific island countries through seasonal workers' employment experience, remittances and training; and
- the benefits to growers in the Australian horticultural sector who can demonstrate they cannot source local labour.

Up to 2500 visas were made available for the duration of the Pilot for citizens of Kiribati, Papua New Guinea, Tonga and Vanuatu (participating countries) to undertake unskilled and less-skilled (low skilled) seasonal work in Australia in horticulture for up to seven months in every twelve months.

A RIS was not undertaken for the introduction of the Pilot on advice from the Office for Best Practice Regulation (OBPR). This RIS commences with a description of the Pilot that provides context and background information; content in accordance with OBPR's requirements and provides information to assist Government in its decision making.

Background

The design of the Pilot is based on principles that:

- the participating workers (seasonal workers) have the opportunity to benefit financially from their participation in the Pilot;
- the Pilot is a demand-driven initiative which provides seasonal workers to approved employers who can demonstrate an unmet demand for labour and a commitment to Australian job seekers;
- mutual contributions by employers and seasonal workers will lead to a shared investment and positive outcomes for their participation;
- circular migration arrangements will provide for the return of seasonal workers in subsequent seasons and further development outcomes; and
- protections, community and government support will maximise the potential benefits for seasonal workers and minimise potential for their exploitation.

Participation in the Pilot is voluntary. Employers in Australia and seasonal workers in participating countries choose to participate in the Pilot.

To participate in the Pilot, organisations in Australia, apply to become an Approved Employer by submitting a response to selection criteria available on the Department of Education, Employment and Workplace Relations (DEEWR) website. The selection criteria are:

- the Respondent is an employer incorporated in Australia;
- the Respondent is in a sound financial position;
- the Respondent is considered to be an 'organisation' for the purposes of 416.222(d)(i) of the Migration Regulations;
- the Respondent is a member of the Recruitment and Consulting Services Association Ltd (RCSA) or another Australian peak recruitment body or be willing to comply with the RCSA Code of Conduct or similar industry standard;
- the Respondent has good workplace practices, including a history of compliance with all immigration and employment legislation, including the *Migration Act 1958*, *Fair Work Act 2009*, *Workplace Relations Act 1996* and state and territory Occupational Health and Safety legislation;
- the Respondent identifies where they are primarily expecting to place seasonal workers, proposed accommodation and transport arrangements and the likely associated costs;
- the Respondent identifies the Fair Work instrument or workplace instrument, classification and level that seasonal workers will be paid under and identifies strategies to ensure workers achieve the average minimum hours required per week for the duration of the seasonal workers' stay;

- the Respondent identifies strategies to ensure that seasonal workers can meet basic weekly living expenses (e.g. food, accommodation, transport) throughout their stay in Australia; and
- the Respondent identifies pastoral care strategies for the seasonal workers. Strategies must include arrangements for involvement of the location community, dispute resolution mechanisms, and whether the organisation has, or proposes to establish an operational presence in the proposed locations.

DEEWR and the Department of Immigration and Citizenship (DIAC), with input from the Fair Work Ombudsman (FWO) and State and Territory Governments' occupational health and safety departments, assess the responses.

Organisations that submit a satisfactory response to the selection criteria are invited to sign a Special Program Agreement with DIAC and a Deed of Agreement with DEEWR. Upon execution of these documents, the organisation is considered an Approved Employer for the purpose of the Pilot.

The Special Program Agreement outlines the Approved Employer's obligations. These include

- Identifying and ensuring appropriate work opportunities, accommodation, transport and pastoral care arrangements are in place for seasonal workers prior to their arrival in Australia.
- Submitting to DEEWR and DIAC, for their approval, a recruitment and pastoral care plan outlining the work opportunities, accommodation, transport and pastoral care arrangements for seasonal workers, each time they intend to recruit seasonal workers under the Pilot.
- Only recruiting seasonal workers after the Recruitment and Pastoral Care Plan for seasonal workers has been approved.
- Providing selected seasonal workers with a letter of offer of employment.
- Participating in, or providing materials for, participating countries' pre-departure briefings for seasonal workers.
- Booking and paying for an international return airfare for each selected seasonal worker (and later recouping a percentage of this cost from seasonal workers).
- Organising and paying for the seasonal workers' travel arrangements from the port of arrival to their accommodation or place of employment , noting that the Approved Employer can recoup up to \$100 from each seasonal worker for internal transfer costs.
- Providing initial assistance to seasonal workers on their arrival, such as food, toiletries and warm clothing if required; the cost of this assistance can be recouped from seasonal workers at a later stage.

- Conducting an on-arrival briefing and on-farm inductions for seasonal workers.
- Guaranteeing seasonal workers a **minimum of**:
 - 6 months work at 30 hours per week; or
 - 5 months work at 35 hours per week; or
 - 4 months work at 38 hours per week.
- Ensuring continuity of employment for each seasonal worker for the duration of the agreed employment period.
- Ensuring that deductions from seasonal workers' wages are transparent, outlined in the workers' payslips and agreed to in writing by seasonal workers.
- Providing seasonal workers with a 24 hour a day contact number for a representative of the Approved Employer.
- Monitoring the progress, placement and well-being of seasonal workers on a regular basis.
- Arranging for the provision of personal protective equipment for each seasonal worker.
- Assisting seasonal workers to comply with their visa conditions
- Assisting seasonal workers to complete the necessary income tax returns and superannuation claim forms.
- Ensuring seasonal workers are provided with transportation to the port of departure from their accommodation.
- Ensuring seasonal workers depart Australia before expiration of their visas.
- Reporting to Government (DEEWR in this instance as the lead agency) on a monthly basis.

To recruit seasonal workers from participating countries, Approved Employers must demonstrate to the Australian Government they have an unmet demand for labour and a need to recruit seasonal workers from overseas and have in place appropriate arrangements to support seasonal workers placement in Australia. To demonstrate this, Approved Employers complete and submit to DEEWR and DIAC a Recruitment and Pastoral Care Plan for approval.

If the Australian Government approves a Recruitment and Pastoral Care Plan, this indicates that a recruitment exercise is approved. DEEWR informs the relevant participating country of the approved recruitment exercise to ensure participating countries only action legitimate and approved recruitment.

The Approved Employer then liaises with a nominated contact in the relevant participating country to select candidates for employment. Once the Approved Employer selects the candidates, the candidate undertakes a police check and character check, a chest xray and

completes a visa application form with the assistance of the nominated contact(s) in the participating country. The cost of the health, police and visa application charge are paid for by the candidate. The Approved Employer provides the candidate with a written offer of employment, which is subject to a visa grant, outlining their wages and conditions and other matters in relation to the employment.

DIAC assess the candidates visa application. The Approved Employer books and pays for a return flight to their seasonal workers home country upon visa grant. The Approved Employer meets the seasonal workers on arrival at the airport in Australia and transports workers to their accommodation where they provide an on-arrival briefing and ensure seasonal workers have access to food and appropriate clothing for work.

The Approved Employer is responsible for providing seasonal workers with the amount of work indicated in their letter of offer and ensuring seasonal workers have access to local shopping, recreation and other facilities. To demonstrate this to the Australian Government the Approved Employer completes a template report and submits it to DEEWR and DIAC once a month.

Prior to seasonal workers visa expiry, which has a maximum visa grant period of seven months, the Approved Employer must assist seasonal workers to complete a tax return and a claim form for their Superannuation entitlements. The Approved Employer must also then transport workers to their port of departure from Australia.

Seasonal workers can return to Australia in the following season, if selected by an Approved Employer, and the Approved Employer submits a Recruitment and Pastoral Care Plan that is approved.

The number of participants in the Pilot is small. As of 23 November 2011, there has been 55 recruitment actions across 33 businesses. On average each business received 13.7 seasonal workers. The average net financial gain (after all costs are considered) of a seasonal worker has been approximately \$2600 which was about 40 per cent more than the average annual household income for seasonal workers in their home country.

The Pilot concludes on 30 June 2012 and the Australian Government has determined such an initiative should continue from 1 July 2012 given the explicit benefits to both the Australian and participating countries' stakeholders. The Pilot is subject to independent evaluations and the draft findings of the evaluation are:

- the Pilot is likely to realise its objectives;
- a low skilled labour mobility program modelled around the Pilot should succeed the Pilot after June 2012;

- a low skilled labour mobility program be expanded to other industries, such as tourism and fisheries, and other countries, including other Pacific island nations and East Timor, in order to make use of the Pilot's gains; and
- rationalisation of the operations and design of the Pilot be undertaken to address constraints that can make it costly, complex and bureaucratic

The problem:

Unemployment in Pacific Island Countries and East Timor

Employment opportunities in Pacific Island Countries and East Timor are low. They are limited by a weak private sector, low levels of public and private investment and low education and skill levels.

Creating work opportunities for youth in Pacific Island Countries and East Timor is a significant challenge. These countries have high population growth rates and low economic growth resulting in high levels of unemployed and underemployed youths.

The weak private sector and low levels of investment are demonstrated through gross domestic product, the total value of goods produced and services provided in a one year, and on a per capita basis for Pacific island countries and East Timor (refer Table 1).

Table 1. Gross domestic product for Pacific island countries and East Timor

Country	GDP 2011	GDP Per Capita 2011
Tonga	US \$378 million	US \$3648
Vanuatu	US \$754 million	US \$3081
Kiribati	US \$192 million	US \$1832
PNG	US \$11.4 billion	US \$1712
Solomon Islands	US \$788 million	US \$1457
Samoa	US \$530 million	US \$3049
Nauru	US \$55 million ('09)	US \$5632
Tuvalu	US \$37 million	Not available
East Timor	US \$709 million	US \$649

(Source: Country fact sheets, Department of Foreign Affairs and Trade, June 2011 Information obtained from the Australian Bureau of Statistics, the International Monetary Foundation and other various sources)

By comparison, gross domestic product for Australia in 2011 was US \$1507.4 billion and on a per capita basis was US \$66 984.

Obtaining accurate and comparable labour market data from Pacific island countries and East Timor is difficult. The Senate Foreign Affairs, Defence and Trade Committee outlined in its report on Economic challenges facing Papua New Guinea and the island states of the southwest Pacific, 2009, that the available data on workforce participation in the Pacific region is not

accurate, nor is it comparable across the region due in part to the different measurements used, and there are not consistent or accurate mechanisms in place to record this information.

The United Nations Economic and Social Commission for Asia and the Pacific's (ESCAP) 2008 economic and social survey explained that some Pacific island countries 'include all people engaged in subsistence activities as economically active, while others only include those who indicate that they are working for cash'.

http://www.aph.gov.au/Senate/committee/fadt_ctte/swpacific/report/footnotes.htm - c12f1

Statistics on unemployment suffer from the same problem as each country has 'its own criteria for determining who counts as unemployed'. ESCAP's survey explained in Fiji, Papua New Guinea, Samoa and Solomon Islands, the unemployed are people in the labour force who are currently not working but are actively seeking work. In Tonga, the unemployed also include people not actively looking for a job.

The Senate Foreign Affairs, Defence and Trade Committee also advised in its report on Economic challenges facing Papua New Guinea and the island states of the southwest Pacific, 2009, that labour market data for Pacific island countries is particularly unreliable, but that even so, available indicators show that unemployment poses a significant challenge.

The number of people in formal employment and the populations of Pacific island countries and East Timor are outlined in Table 2.

Table 2. Formal employment and population in Pacific island countries and East Timor

Country	Formal employment	Population
Tonga	34,600	103,365
Vanuatu	16,300	245,036
Kiribati	Information not available	100,835
PNG	187,234	6,744,955
Solomon Islands	22,177	549,574
Samoa	57,100	183,123
Nauru	Information not available	9,976
Tuvalu	Information not available	11,149
East Timor	72,000	1,114,534

(Source: AusAID, based on data available from the most recent Census data from the countries listed in the table)

Economic freedom comes from participating in the paid workforce and a reduced reliance on aid and government funding. People who are reliant on government income support or other non paid income (in countries other than Pacific island countries) usually are living below the

poverty line. Poverty is a significant and growing problem in Pacific island countries, with around one-third of the region’s population not having the income or access to subsistence production to meet their basic human needs. Internationally comparable measures of poverty are not readily available for countries in the Pacific, however, many countries measure poverty according to their national poverty lines which are set using the ‘basic needs approach’.

The Basic Needs Poverty Line (BNPL) represents the level of income required to meet a minimum standard of living in a country. People falling below their national BNPL have insufficient cash income or access to subsistence production to meet their minimum dietary needs, and cover basic expenses related to housing, healthcare, education, clothing and transport.

Table 3. Examples of percentages of population of Pacific island countries living under the BNPL

Country	% of population below BNPL
Kiribati	50
PNG	39
Vanuatu	15
Samoa	20
Tonga	23
Tuvalu	21
Timor Leste	41

(Source: Secretariat for the Pacific Community (SPC), United Nations Development Programme (UNDP), The Millenium Development Goals, Timor-Leste 2009. AusAID, Tracking development and governance in the Pacific, August 2009.)

It is reported that young people account for the majority of unemployment in the Pacific region¹. On average, 45% of the population is in the 15-24 age bracket.² The youth share of total unemployment figures ranges from 39% to 69%.¹ It has been reported that the rate of population growth creates difficulties finding employment 'for the growing number of young and relatively better-educated people with aspirations beyond village-based and family-oriented agricultural and fishing activities.'²

Unemployment figures may 'understate the magnitude' of youth unemployment as 'many

¹ Pacific Islands Labour Market Note, 2011, The World Bank (unpublished).

² Senate Foreign Affairs, Defence and Trade Committees – Economic challenges facing Papua New Guinea and the island states of the southwest Pacific, 2009, accessed 23 November 2011.

youths drop out of the labour force and give up actively seeking work when it becomes clear that few opportunities exist'.³ They are 'the least employable group in the formal sector' and thus remain in the subsistence economy or in the informal sector.⁴

Furthermore, high youth unemployment constitutes one of the highest risks to stability in the region.⁵ The Australia Pacific Islands Business Council observed that the youth bulge was 'rapidly approaching adulthood, with little clear prospect of being able to enter the mainstream economy'.

The Pacific is one of the world's most aid-dependent regions (Independent Review of Aid Effectiveness, Commonwealth of Australia, 2011). The Australian Government has consistently stated its intent to support our Pacific neighbours to establish effective self government including infrastructure, economic and social frameworks. One of the ways the Australian Government delivers this support is via strong grassroots development and smaller-scale projects. The Pilot is an excellent example of this. In 2011-12, the Australian Government will provide official development assistance estimated at \$4.836 billion of which \$1.161 billion is expected to be spent on the Pacific region (source: AusAID, 2011).

In response to the Independent Review of Aid Effectiveness, the Australian Government outlined that it will focus its aid effort in the Asia – Pacific region, including PNG and East Timor, noting that this is where the Australian Government has strong ties, experience, and is where the international community expects Australia to play a lead role.⁶ It is also where our own economic and security interests are most closely engaged.

Many Pacific island countries have limited economic opportunities, and the export of labour is often their best opportunity for private sector development. Labour mobility between Pacific Island countries and Australia and New Zealand is an issue of great significance for the development of the Pacific. Numerous studies have shown labour mobility creates a sustained flow of remittances, and those island nations with access to major labour markets do much better than those without. Every Australian aid review since the Jackson Review of 1984 has

³ ESCAP, 'Improving Employment Opportunities in Pacific Island Developing Countries, 2007

⁴ Benedict Y. Imbun, 'Is the potential of labour's contribution to development acknowledged in the Pacific island countries?', *Pacific Economic Bulletin*, Volume 24, Number 1, 2009

⁵ Australia Pacific Islands Business Council, Submission 60

⁶ An Effective Aid Program for Australia Making a real difference—Delivering real results, Commonwealth of Australia, 2011

recommended Australia increase opportunities for labour mobility in the Pacific.⁷

According to AusAID, remittances are currently worth more than US\$500 million per annum and if the trend continues they are likely to exceed the value of aid flows to the region by 2009.⁸

For some of these Pacific island countries, remittances contribute substantially to their revenue base and, because of their heavy reliance on imports (mostly of food and fuel) and narrow export base, are an important buffer against economic shocks.⁹ Remittances also help to address their unemployment problems, for example, Tonga has more of its people living abroad than at home and the large inflows of remittances sustain the economy.¹⁰

Table 4: Pacific island countries: Indicators of remittances 1997–2005 (per cent of GDP)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Kiribati	14.0	14.0	15.7	11.8	11.3	11.0	17.4	16.6	15.0
Papua New Guinea	-0.7	0.3	-0.2	-0.3	-1.4	0.7	1.0	0.9	0.8
Samoa	16.8	16.9	18.5	18.5	20.4	20.2	21.3	24.5	25.5
Solomon Islands	1.3	0.1	0.1	0.2	1.1	0.4	0.5	0.8	0.9
Tonga	23.2	21.9	25.5	32.4	37.1	36.9	43.7	42.7	39.3
Vanuatu	-3.4	-5.7	-4.3	-3.8	1.8	-3.7	-3.6	-3.2	-2.3

(Source: Christopher Browne and Aiko Mineshima, Remittances in the Pacific Region, IMF Working Paper WP/07/35, February 2007, p. 12.)

Pacific Island Countries and East Timor's access to the Australian labour market

Australia recognises the benefits of managed migration and administers its migration programs to ensure economic, social and cultural benefits are realised. The focus of these migration programs is on the entry of skilled (managerial, professional and trade) workers with qualifications, employment experience and English proficiency comparable to the Australian standard. This focus is consistent with Australia's existing international labour mobility commitments and other international conventions to which it is a party.

⁷ AusAID Submission 65, for the Senate Foreign Affairs, Defence and Trade Committees – Economic challenges facing Papua New Guinea and the island states of the southwest Pacific, 2009, accessed 23 November 2011.

⁸ AusAID, Pacific Economic Survey: connecting the region, 2008, p. xiii. See also Asian Development Bank, Asian Development Outlook 2008, p. 248; DFAT website, country information, <http://www.dfat.gov.au/geo/tuvalu/index.html> (accessed 15 October 2008); and Christopher Browne and Aiko Mineshima, Remittances in the Pacific Region, IMF Working Paper WP/07/35, February 2007, p. 3.

⁹ IMF Country Report No. 08/261, Tonga: 2008 Article IV Consultation—Staff Report; Staff Supplement; and Public Information Notice on the Executive Board Discussion, July 2008, <http://www.imf.org/external/pubs/ft/scr/2008/cr08261.pdf>

¹⁰ UN Economic and Social Commission for Asia and the Pacific, Economic and Social Survey of Asia and the Pacific 2009, p. 118.

Noting migration should complement domestic employment and training strategies to meet the needs of the Australian economy, the Government has progressively reformed its skilled migration programs. These reforms recognise the importance of qualifications (comparable to at least an Australian Qualification Framework (AQF) Certificate III), recent and relevant employment experience, high levels of English (to satisfy occupational health and safety standards and minimise the potential for exploitation), and job ready skills.

In addition to these temporary and permanent skilled migration programs, Pacific Island Country (PIC) nationals have access to other temporary migration programs with a work right (such as the occupational trainee and international student visa programs). Further, some PIC nationals with dual New Zealand citizenship and passports have access to the Australian labour market through the Trans Tasman Travel Arrangement.

2010-11	Permanent Family	Permanent Skilled		Permanent Special Eligibility	Temporary Business (Subclass 457)	
		Primary ¹	Secondary		Primary ¹	Secondary
Timor Leste	0	0	0	0	7	0
Kiribati	7	0	0	0	4	0
Papua New Guinea	201	88	303	5	97	161
Nauru	1	1	0	0	1	3
Samoa	54	0	1 ²	0	1	1
Solomon Islands	28	9	6	0	4	7
Tonga	171	6	5	19	4	6
Tuvalu	0	0	0	0	2	1
Vanuatu	27	0	1 ²	0	3	7

Source: DIAC administrative data (not published)

1. Only primary applicants in the permanent Skill Stream and temporary business (subclass 457) program are subject to skill (qualification, experience and English proficiency) standards. Secondary applicants (spouses and dependents) have a work right but are not subject to minimum skill standards and may not have skills comparable to the Australian standard or expectations of Australian employers.
2. Secondary applicants granted visa subsequent to primary visa applicant presumably granted visa in a previous financial/reporting year.

While the current skilled migration arrangements afford opportunities for labour mobility from around the globe this is not the case for Pacific countries. These countries primarily have a working age population with low education attainment, minimal practical work experience and low skills levels. Skills shortages exist in many Pacific island countries. This situation adversely affects economic development because the countries must rely on low or unskilled labour or

import highly-paid experts from overseas.¹¹ This Pilot offers an opportunity to develop these skills and provides benefits for the individual and the community.

There are several major impediments for citizens of Pacific island countries to overcome to gain higher education, including vocational training.¹² These range from affordability of transport to educative facilities¹³ or difficulty in accessing educative facilities due to geographical barriers.¹⁴

In addition, there are few opportunities in Australia for low skilled labour from Pacific countries to access visa arrangements that provide for specific job matching for low skilled jobs. This Pilot provides for this matching and offers participants surety of employment (which means they are more likely to return home financially advantaged by their participation). In addition, employment conditions are more closely monitored to ensure participants with minimal to no previous work experience, low literacy levels and who are geographically removed from their support networks receive appropriate wages and conditions and support to succeed. This leads to social and economic wellbeing – benefitting both the individual participant and the participating country (with skills transfer once the participant returns home, additional money through remittances and the opportunity for the participant to invest this money upon their return).

Meeting local demands for low skilled seasonal labour

Currently the unemployment rate is historically low at around 5 per cent. However, the Australian labour market still has persistently high pockets of unemployed or areas of geographical disadvantage. Comprehensive government policy settings are aimed at increasing workforce participation and investing in Australia’s human capital.

Even with these comprehensive and well resourced initiatives Australians employers still experience difficulties in filling vacancies with suitable local labour. The Pilot not only provides a mechanism to support the development needs of participation countries, it importantly supports Australian employers to meet their basic requirements (that is, bringing in the harvest) where they are unable to recruit locally.

Existing Australian Government initiatives to further support the engagement of the available labour force including local job seekers, temporary entrants and retirees still is unable to sustain the demand for workers from the participating sectors. These initiatives include, but are not limited to, the Harvest Labour Information Service and Job Services Australia employment services.

¹¹ DEEWR Submission 64, for the Senate Foreign Affairs, Defence and Trade Committees – Economic challenges facing Papua New Guinea and the island states of the southwest Pacific, 2009, accessed 23 November 2011

¹² Asian Development Bank, Education and Skills: Strategies for Accelerated Development in Asia and the Pacific, June 2008. P.104

¹³ Pacific Islands Forum Secretariat, Review of Implementation of the Forum Basic Education Action Plan, Forum Education Ministers’ Meeting, Auckland, 26-28 November 2007, p. 11

¹⁴ Pacific Islands Forum Secretariat, Report on the Review of the Forum Basic Education Action Plan and Associated Regional Processes, Forum Education Minister’s Meeting, Tonga, 24-26 March 2008, p. xiv

The industries and sectors involved in the Pilot, and any subsequent program, are primarily looking for seasonal labour, and given the competitive nature of these industries, their seasonality and the nature of the work on offer (entry level, low skilled) they often offer award wages.

Due to the availability of competing horticultural and agricultural goods from overseas, local producers appear unable to provide a wage sufficiently high to attract local workers. The Australian horticulture and tourism sectors claim that businesses are not able to access sufficient or reliable labour to meet their demands during peak (or seasonal) periods. These sectors' performances can be significantly affected by weather and climate events.

In 2008, the National Farmers' Federation advised the Australian Government that the agricultural sector would need up to an additional 100,000 workers as it emerges from drought and produce levels increase. Further, that the horticulture sector has the greatest demand for entry level employees and is forecast to have high growth in employment and that work in horticulture is labour intensive and requires human capital¹⁵.

In submissions to the 2006 Senate Enquiry into Harvest Labour Needs, the Queensland Fruit and Vegetable Growers' Association reported losses of \$90 million in 2000 and the Department of Business, Industry and Resource Development estimated losses of between \$5.8 million and \$26 million in 2006 in the mango industry due to labour shortages.

The National Farmers Federation advised that the use of working holiday makers, while alleviating labour shortages to an extent cannot supply the quantity of labour required or provide a reliable labour force and that many Australian job seekers do not wish to work on farms. Existing migration solutions almost exclusively target the skilled and semi-skilled labour and skills shortage. In addition, feedback from sectors indicates that local labour are either not suitable or are unwilling to take up work that is physically demanding, is seasonal and short term and unlikely to offer ongoing employment and that job seekers, including those in isolated areas, are generally unwillingly to relocate for short-term or seasonal job placements. While current Government policy settings provide for relocation assistance for eligible job seekers this does not include for positions that are non ongoing.

The Australian horticulture sector is forecast to account for 17 per cent of the gross value of Australian farm production in 2011-12. The September Quarter Agricultural Commodities report commissioned by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), the gross value of the horticulture industry is forecast to increase to \$9.25

¹⁵ Workforce From Abroad Employment Scheme, National Farmers' Federation, April 2008

billion in 2011-12, 6.3 per cent higher than in 2011-12. This growth largely reflects improved availability of water and a return to more favourable seasonal conditions following heavy rains, cyclones and floods and is despite the strength of the Australian dollar that is reducing competitiveness of Australia's horticulture exports and increasing the competitiveness of horticulture imports. Again though employment in the sector is seasonal, non ongoing and not considered attractive to local job seekers looking for job security. In addition, local labour is not considered by employers, in this sector, to be reliable and barriers relating to non vocational skills can hinder recruitment of local labour.

It is difficult to determine and project levels of demand for labour, in occupations or sectors that are seasonal in nature. The agriculture, forestry and fishing industry employed approximately 340 000 persons full time and part time in February 2011, which is about 3.0 per cent of the total Australian workforce. Over the past five years, employment in the industry has contracted at a rate of 0.4 per cent per annum. However, given the easing of the drought years to 2012 -16, the industry is expected to grow by 1.4 per cent, or 274 000 persons in employment, and is projected to account for 2.1 per cent of total employment growth across all sectors.

The industry's workforce is ageing, with a median age of 48 years, and more that 216 100 aged over 45 years in 2010 compared with 184 700 in 2003. Compared with other industries the Agriculture, Forestry and Fishing industry has the highest share of mature aged workers aged 55 year and over. The share of workers aged less than 35 years is also the lowest compared with other industries. Nearly 52 per cent of the industry do not have a 'non-school' qualification.

A report on the Australian Working Holiday Maker Scheme and the Australian Labour Market (DIAC, 2009), found that the occupations that Working Holiday Makers (WHMs) worked in were mainly low skilled and that 27 per cent of jobs undertaken by WHMs were farm-hand positions, which included fruit and vegetable pickers and other duties. Eighty six percent of these farm-hand positions were located in regional areas. This indicates that the agriculture industry uses alternate labour to fill vacancies.

Objectives of Government Action

In the context of this Pilot the Australian Government action seeks to:

- Contribute to economic development in the Pacific and East Timor.
- Provide employment opportunities for workers from Pacific island countries and East Timor while maintaining the integrity of Australian employment conditions.
- Assist employers in agricultural and horticultural industries to fill their seasonal low skilled vacancies.

Options

To address the problem and achieve the objectives stated, three options have been considered.

1. Status quo: ending the pilot: Conclude the Pilot on 30 June 2012, and not continue with an ongoing labour mobility program.
2. Regulated ongoing labour mobility program: Implement an ongoing labour mobility program with Pacific island countries and East Timor similar to the Pilot, to provide access to low skilled seasonal employment opportunities in Australia and delivering financial gains and employment experience to seasonal workers that helps employers to meet unmet demand for seasonal labour.

Participation in the program would be voluntary.

East Timor, Kiribati, Papua New Guinea, Nauru, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu will be invited to participate in the program and to enter into a Memorandum of Understanding with the Australian Government to agree upon respective labour sending and labour receiving arrangements for the program.

Employers or business seeking to participate in the program will need to apply to become an 'approved special program sponsor' (Approved Employer) by completing a template Special Program Agreement, available from the DIAC website and from a link from the DEEWR website. If the Australian Government enters into a Special Program Agreement with the Employer, the Employer will then complete a sponsorship application and pay a non-refundable fee of \$405 to the Department of Immigration and Citizenship. A Sponsor may be approved for up to three years. To continue to sponsor seasonal workers, the sponsor will need to reapply before their sponsor approval ceases.

Approved Employers obligations under the program include:

- Identifying and ensuring appropriate work opportunities, accommodation, transport and pastoral care arrangements are in place for seasonal workers prior to their arrival in Australia.
- Completing and submitting to DEEWR for their approval, a recruitment plan outlining the work opportunities, accommodation, transport and pastoral care arrangements for seasonal workers, each time they intend to recruit seasonal workers under the Pilot.
- Only recruiting seasonal workers after the Recruitment and Pastoral Care Plan for seasonal workers has been approved.
- Providing selected seasonal workers with a letter of offer of employment.

- Participating in, or providing materials for, participating countries' pre-departure briefings for seasonal workers.
- Booking and paying for an international return airfare for each selected seasonal worker (and later recouping a percentage of this cost from seasonal workers).
- Organising and paying for the seasonal workers' travel arrangements from the port of arrival to their accommodation or place of employment , noting that the Approved Employer can recoup up to \$100 from each seasonal worker for internal transfer costs.
- Providing initial assistance to seasonal workers on their arrival, such as food, toiletries and warm clothing if required; the cost of this assistance can be recouped from seasonal workers at a later stage.
- Conducting an on-arrival briefing and on-farm inductions for seasonal workers.
- Guaranteeing seasonal workers **a minimum of 30 hours** of work per week for between 14 and 31 weeks.
- Ensuring continuity of employment for each seasonal worker for the duration of the agreed employment period.
- Ensuring that deductions from seasonal workers' wages are transparent, outlined in the workers' payslips and agreed to in writing by seasonal workers.
- Monitoring the progress, placement and well-being of seasonal workers.
- Assisting seasonal workers to comply with their visa conditions
- Assisting seasonal workers to complete the necessary income tax returns and superannuation claim forms.
- Ensuring seasonal workers are provided with transportation to the port of departure from their accommodation.
- Ensuring seasonal workers depart Australia before expiration of their visas.
- Reporting to DEEWR, by completing a template form, after the seasonal workers arrival in Australia and prior to their departure.
- Reporting to DEEWR, by completing a template form, on a more regular basis if asked by DEEWR, based on the risk based approach to managing employers participation in the program.
- Complying with sponsorship obligations

To recruit seasonal workers from participating countries, Approved Employers must demonstrate to the Australian Government they have an unmet demand for labour and a need to recruit seasonal workers from overseas and have in place appropriate arrangements to support seasonal workers placement in Australia. To demonstrate this, Approved Employers complete and submit to DEEWR a recruitment plan for approval.

If the Australian Government approves the recruitment plan, this indicates that a recruitment exercise is approved. DEEWR informs the relevant participating country of

the approved recruitment exercise to ensure participating countries only action legitimate and approved recruitment.

The Approved Employer will then liaises with a nominated contact in the relevant participating country to select candidates for employment. Once the Approved Employer selects the candidates, the candidate undertakes a police check and character check, a chest xray and completes a visa application form with the assistance of the nominated contact(s) in the participating country. The cost of the health, police and visa application charge are will be paid by the candidate. The Approved Employer provides the candidate with a written offer of employment, which is subject to a visa grant, outlining their wages and conditions and other matters in relation to the employment.

DIAC will assess the candidates visa application. The Approved Employer will book and pay for a return flight to their seasonal workers home country upon visa grant. The Approved Employer will meets the seasonal workers on arrival at the airport in Australia and transports workers to their accommodation where they provide an on-arrival briefing and ensure seasonal workers have access to food and appropriate clothing for work.

The Approved Employer will be responsible for providing seasonal workers with the amount of work indicated in their letter of offer and ensuring seasonal workers have access to local shopping, recreation and other facilities.

Prior to seasonal workers visa expiry, which has a maximum visa grant period of seven months, the Approved Employer must assist seasonal workers to complete a claim form for their Superannuation entitlements. The Approved Employer must also then transport workers to their port of departure from Australia.

Seasonal workers will be able to return to Australia in the following season, if selected by an Approved Employer, and the Approved Employer submits a recruitment plan that is approved.

The number of participants in the program is expected to increase from the Pilot and over the forward four year, it is anticipated that the following numbers of businesses and seasonal workers will participate in the program. The actual numbers will be dependent on the needs of industry and climate and economic conditions.

	2012/13	2013/14	2014/15	2015/16
Businesses	146	182	237	310
Seasonal workers	2000	2500	3250	4250

3. Self-regulation: an industry driven and regulated program: Implementing an industry driven program that does not have an Australian job seeker first approach or impose reporting obligations on employers. This option could be described as a self-regulatory option.

Participation in the program would be voluntary.

East Timor, Kiribati, Papua New Guinea, Nauru, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu will be invited to participate in the program and to enter into a Memorandum of Understanding with the Australian Government to agree upon respective labour sending and labour receiving arrangements for the program.

Employers or business seeking to participate in the program will need to apply to become an 'approved special program partner' (Approved Employer) by completing a template Special Program Agreement, available from the DIAC website and from a link from the DEEWR website.

Approved Employers obligations under the program include:

- Identifying and ensuring work opportunities and accommodation arrangements are in place for seasonal workers prior to their arrival in Australia.
- Providing selected seasonal workers with a letter of offer of employment.
- Participating in, or providing materials for, participating countries' pre-departure briefings for seasonal workers.
- Assisting seasonal workers to comply with their visa conditions

To recruit seasonal workers from participating countries, the Approved Employer will liaise with a nominated contact in the relevant participating country to select candidates for employment. Once the Approved Employer selects the candidates, the candidate undertakes a police check and character check, a chest xray and completes a visa application form with the assistance of the nominated contact(s) in the participating country. The cost of the health, police and visa application charge are will be paid by the candidate.

The Approved Employer provides the candidate with a written offer of employment, which is subject to a visa grant, outlining their wages and conditions and other matters in relation to the employment and accommodation arrangements.

DIAC will assess the candidates' visa application. After visa grant, the seasonal worker books and pays for their return flight and arranges domestic transfers to the location of work.

Seasonal workers will be able to return to Australia in the following season if selected by an Approved Employer. The number of participants in such a program cannot be quantified. However it is expected that the number would be greater than those outlined for option two.

Impact analysis: cost, benefits and risks

Option 1: Status quo: ending the Pilot and not continuing with an ongoing labour mobility program.

Costs

- There would be no ongoing program management costs for Government. However, there would be losses if this program does not continue given the investment in training and labour sending mechanism by participating countries. These countries have invested in training and labour sending mechanisms specifically for the pilot and these mechanisms may not transfer/apply easily to other human capital programs. There may also be productivity losses for participating employers with reduced access to a reliable and proven labour force and these costs are not quantifiable.

Benefits

- More work opportunities for working holiday makers and other itinerant workers.

Risks

- There is a reputational risk to Government in the Pacific region and domestically. Government sent positive indications to the Pacific about the likelihood of a program to succeed the Pilot, by inviting four additional Pacific island nations to participate during the final nine months of the Pilot as well as announcing a trial expansion into the Tourism industry in Broome, Western Australia with workers from East Timor. This risk is also compounded given the significant increase in take-up of the Pilot during the 2011-2012 financial year.
- A decrease in productivity for employers in the sector with the loss of seasonal workers who have undergone training in the hope that they could return in following seasons, particularly given the more favourable climatic conditions over the past year.
- Seasonal workers who participated in the Pilot would lose opportunities to return in following seasons, gaining further earnings and training. As a result the communities of seasonal workers would not receive the benefits of returning seasonal workers and the flow on effects from continued remittances, investment in infrastructure and small business.

Option 2: Regulated ongoing labour mobility program with Pacific island countries and East Timor that is low skilled, demand driven, Australian job seeker-first and maximising development outcomes.

Costs

- Australian Government: approximate net cost of \$20 million over four years.
- Participating Countries: The cost is unknown however each participating country would need to resource and maintain a labour sending mechanism. Another potential cost is that participating countries will lose labour resources when their workers come to

Australia. However, given the high unemployment in these countries, and the relatively low skills required for workers to participate in the scheme, this cost is not likely to be major.

- Seasonal workers will:
 - pay a Visa Application Charge of \$305. This fee is payable each time a seasonal worker applies to come to Australia under the program;
 - pay for their chest x-ray and police check required in order to finalise their visa application;
 - be required to pay a proportion of their airfares and transportation to and from work, up to \$100 from port of arrival to place of accommodation, to their employer; and
 - pay for their own accommodation, health insurance, and incidentals.
- Organisations seeking to become Approved Employers of Pacific seasonal workers will be required to pay a one-off sponsorship fee of \$405 and spend time to complete the Special Program Agreement and sponsorship application outlined in the options section of this document.
- Approved Employers will:
 - Be required to complete and submit a template recruitment form. This will require employers to identify work opportunities and to investigate local accommodation, transport and services available in the proposed location of work and to outline this information in the form.
 - Be required to demonstrate their commitment to employing Australian job seekers by completing a section, in the form outlined above demonstrating that they either, participate in indigenous employment program, engage trainees and/or apprentices, or have advertised their vacancies for a period of two weeks (which can be done for no cost on the Australian Government's Australian jobsearch website) and that there were no suitable local job seekers to fill their seasonal vacancies. Employers are not required to offer more than the minimum wage in advertising to attract local employees.
 - be required to pay a proportion of the seasonal workers' airfare. This cost may be passed on to host organisations, if recruitment is done via a labour hire company, and part of the cost of the airfare can be recouped from the seasonal worker.
 - be required to report to DEEWR after seasonal workers arrive to confirm that a on-arrival briefing for seasonal workers was conducted and that the arrangements proposed in the recruitment plan are in place.
 - Be required to report to DEEWR prior to seasonal workers departure to confirm that workers have received the minimum work required and that the arrangements proposed in the recruitment plan remained in place.

- Be required to report to DEEWR if circumstances require a change in the place of employment, or support arrangements for seasonal workers put in place and approved by DEEWR.
- The Australian job seeker first requirement should mean that there are no costs or loss to local labour as a result of this program.

Benefits

- The Australian Government will:
 - positively increase their engagement domestically and internationally improving productivity and economic benefits to Australia and participating countries.
 - be contributing longer term benefits to participating countries with development of human capital and skills for participating countries' labour force. This will lead to 'transfer factor' for workers after their participation.
 - be able to provide assistance in a cost-effective way by leveraging off local demand for labour.
- Participation countries will:
 - benefit from remittances, and associated investment in infrastructure, skills and knowledge transfer.
 - maintain the investment in time and resources expended establishing labour sending mechanisms under the Pilot.
- Seasonal workers will:
 - benefit from participating in the program, through skills attainment, employment experiences and remittances. The World Bank evaluation on Development Impacts of the Pilot demonstrated that workers were benefitting financially through the Pilot, and that money remitted back to sending countries was used to establish small business, invest in construction of housing, and further family members' education.
Further, a similar evaluation on New Zealand's horticulture seasonal labour program found that there was a 10-14 per cent increase in school attendance of children aged 15 to 18 years in Tongan households that have participated in the NZ scheme. The Australian Government's Independent Review of Aid Effectiveness (April 2011) noted the importance of labour mobility for the development success of Pacific Island countries and argued for Australia's policy agenda to include increasing Pacific labour mobility. The World Bank's 2011 evaluation of the Pilot found that workers had benefited by reasonably large amounts, increasing annual incomes for their households by almost 40 per cent.
 - benefit from the monitoring and reporting role of government ensuring they have acceptable working conditions, and are only recruited by vetted organisations.

- Approved Employers:
 - operating in a labour hire business model may benefit financially through the commercial arrangements established with host organisations.
 - as employers in the horticulture, tourism, broader agriculture and fishing industries benefit from an alternative supply of labour which may lead to productivity gains and reduce costs associated with turnover.
 - will benefit from a reliable workforce, able to return in subsequent seasons. Given the additional reliability and productivity gains reported in the Final Evaluation of the Pacific Seasonal Worker Pilot Scheme, approved employers may ultimately financially benefit from their involvement in the program, despite paying more to access workers.
- Host communities will:
 - benefit from the injection of a temporary workforce into the community who will patronise local business such as supermarkets and clothing outlets.
- Sending communities will:
 - benefit from the transfer of remittances.

Risks

- The Australian Government's and participating countries' reputation may be eroded if:
 - local job seekers are displaced.
 - a seasonal worker is arrested for a serious crime while in Australia.
 - poor recruitment practices and inappropriate worker selection lead to poor experiences for Approved Employers and affect take-up of the program.
 - seasonal workers are exploited or critically injured or suffer a fatality while in Australia.
- Approved Employers:
 - in the tourism, broader agriculture and fishing industries may not take up the program, and few workers are placed in these industries, which may lead to a loss of productivity.
- The risks outlined will be managed to the extent possible through:
 - Australian job seeker first approach and the requirement for Approved Employers to submit a recruitment plan.
 - Participating countries' commitment in a Memorandum of Understanding (MOU) to put forward for candidates who are of good character.
 - AusAID support for participating countries to establish and manage labour sending mechanisms and through the establishment of clear labour sending and receiving arrangements in MOUs.
 - Pre-departure and on-arrival briefings of seasonal workers, and the broader OH&S requirements that employers must comply with.
 - Engaging with stakeholders about the program requirements, costs and benefits.

Option 3: Self-regulation: an industry driven and regulated program

Cost

- Australian Government: The cost will be low and less than the approximate net cost indicated for option 2.
- Participating Countries: The cost is unknown, however each participating country would need to resource and maintain a labour sending mechanism.
- Seasonal workers will:
 - pay a Visa Application Charge of \$305. This fee is payable each time a seasonal worker applies to come to Australia under the program;
 - pay for their chest x-ray and police check required in order to finalise their visa application;
 - be required to pay for their airfares, domestic transfers, accommodation and transportation to and from work, health insurance, and incidentals.
- Approved Employers will not pay additional costs than those involved in recruiting local job seekers.
- Local job seekers may be displaced by seasonal workers recruited under this option, resulting in income and job losses.

Benefit

- Participation countries:
 - May benefit from remittances, and associated investment in infrastructure, skills and knowledge transfer.
 - Will maintain the investment in time and resources expended establishing labour sending mechanisms under the Pilot.
 - Citizens' will have an increased opportunity of accessing employment in Australia.
- Australian Government:
 - Low cost initiative.
 - Increased engagement with participating countries
- Seasonal workers will:
 - gain employment experiences, skills and knowledge.
- Employers:
 - Readily accessible labour force able to return in subsequent seasons.
 - Increased productivity
- Host and sending communities may:
 - benefit from the injection of a temporary workforce into the community who will patronise local business such as supermarkets and clothing outlets.
 - benefit from the transfer of remittances.

Risks

The risks associated with this option are probable and significant.

- The Australian Government's and participating countries' reputation may be eroded if:
 - local job seekers are displaced.
 - a seasonal worker is arrested for a serious crime while in Australia.
 - poor recruitment practices and inappropriate worker selection lead to poor experiences for Approved Employers and affect take-up of the program.
 - seasonal workers are exploited or critically injured or suffer a fatality while in Australia.
- Seasonal workers:
 - may not receive the opportunity to gain a financial net benefit from their employment in Australia;
 - may be under-paid or exploited; and
 - may not connect with local communities, increasing the risk of exploitation.
- Australian job seekers are displaced and lose income and/or job opportunities.

The risks outlined are significant, and will be difficult to manage and the occurrence is highly probable. To the extent possible, the risks outlined above could be managed through:

- Participating countries' commitment in a Memorandum of Understanding (MOU) to put forward for candidates who are of good character.
- AusAID support for participating countries to establish and manage labour sending mechanisms and through the establishment of clear labour sending and receiving arrangements in MOUs.
- Engaging with stakeholders about the program requirements, costs and benefits.

Consultation

Extensive consultation has been held with a wide range of stakeholders throughout the implementation of the pilot and covered:

- international views
- domestic views

Methods for gathering stakeholder input

Over the life of the Pilot, other Australian Government agencies, foreign governments, unions, businesses, industry and peak bodies, not-for-profit organisations, state, territory and local government agencies were consulted, to advise on implementation. Pilot policy has been informed by views and advice of these stakeholders.

- The National Stakeholder Consultative Panel (NSCP) is a formal mechanism that ensures ongoing consultations with key stakeholders on the Pilot. Meeting quarterly, members of the NSCP include DEEWR (Chair), the unions, industry peak bodies and community groups.
- Participating country liaison: Undertaken through the Australian High Commissions in participating countries and used to inform stakeholder management and refinements to processes and educative and other support materials for the Pilot.
- Surveys of seasonal workers, seasonal workers' households and communities in sending countries (by the World Bank).
- Interviews with approved employers and community representatives, focus groups: TNS was engaged by DEEWR to conduct an independent evaluation on the Pilot, beginning in 2009, which also resulted in the consultation of a wide range of stakeholders involved in the Pilot. Between 2009 and 2011, stakeholders were interviewed at several points in time to determine their experiences and views of the Pilot over time. TNS also conducted 'regional focus groups' to gather community perceptions and attitudes towards seasonal workers and the Pilot. Participants in these focus groups included residents from three rural locations where the Pilot had been implemented (Mundubbera - Queensland, and Robinvale and Mildura in Victoria).
- In-the-field meetings: conducted by DEEWR with growers and industry representatives. The Department's attendance at industry conferences not only served to disseminate information about the Pilot, but also provided an opportunity to consult with industry and the community.

Of the major groups consulted during the review, views can be summarised as following:

Participating Countries: expressed a strong support to either participate in the Pilot, or to continue their participation in the Pilot. Consultations revealed some frustration over uneven numbers of workers that have been recruited in comparison to others. Concerns over creating a 'level playing field' and the wish to introduce change to make more remote Participating Countries attractive to Approved Employers.

Response: The program will offer a set number of places (these will not be allocated to participating countries) and be filled on a needs basis. Program settings will be consistent for all participation countries.

Australian State and Territory governments: State and territory governments have appreciated being consulted, and have expressed a desire to be kept informed of implementation, and any developments.

Response: The Australian Government will include State and Territory Governments in the stakeholder engagement plan.

Australian Government Agencies: Implementation of the program will be complex and involve a large number of Australian Government agencies.

Response: DEEWR, as the lead agency, will engage with the relevant agencies as part of arrangements under Inter-agency agreements.

Growers: expressed a number of concerns around:

- their ability to source adequate labour each season if the program is not implemented on an ongoing basis
- that the costs of participating in this program is not prohibitive.
- initial concerns expressed by growers regarded the amount of work and length of time guaranteed to seasonal workers. Many growers felt that they would be unable to host seasonal workers under Pilot arrangements, due to the requirement to provide workers with six months' work.
- working with Labour Hire Companies, either being reluctant to work with them due to poor reputation or experiences in the past, or the perception that they would cost too much.

Response:

- the costs of participating in the pilot is greater than the cost of employing local job seeker, however the productivity gains and reduced turnover with a guaranteed labour source can outweigh this investment
- flexibilities have been introduced to allow approved employers with shorter harvest periods to offer employment commensurate with these requirements
- approved employers can choose to use a labour hire company (and as a result agree to fees and charges for these services) or manage their own recruitment.

Seasonal Workers: Seasonal workers were concerned over separation from family, and difficulties adjusting to the Australian climate and culture.

Response:

It is the responsibility of the Participating Country to ensure workers are aware of the implications of working remotely including separation from family and their existing networks. Pre-departure briefings include information on Australia's culture, climate and keeping in contact with family.

Labour hire companies: being competitive in an industry that they perceive as accessing undocumented labour that undercuts legitimate labour sources

Response: The Australian Government has extensive monitoring and compliance regimes in place to guard against the use of illegal workers. Strong Australian Government prosecution mechanisms are in place to discourage such practices.

Approved Employers: expressed a strong dislike for ‘red tape’ and bureaucracy and a desire for participating country to ensure they have streamlined, cooperative recruitment paths available, to assist employers during recruitment processes.

Response: The Pilot, being a trial, required governance arrangements to be detailed. It is anticipated that program arrangements would include streamlined and risk based approaches. It is at the discretion of Participating Countries to manage their labour sending mechanisms and the Australian Government provides capacity building support for Participating Countries.

Conclusion and recommend option

The preferred option is the regulated labour mobility program for Pacific Island countries and East Timor.

The benefits include that the program is a cost-effective way for the Australian Government to assist Pacific Islands and East Timor. It also enhances the employment opportunities for unemployed low-skilled workers from these regions as well as satisfying demand in the horticulture and tourism industry for low paid seasonal workers.

The net-costs of the program to the Australian Government have been estimated at \$20 million over four years. Additionally employers will incur costs in being required to seek Australian job seekers before they can access the program although they will only be required to offer the minimum wage rather than a wage reflecting the high demand for seasonal workers. This appears reasonable given that economics of the horticultural industry make it difficult for employers in the industry to offer wages high enough to attract Australian workers.

The industry self regulation option would present a high risk to Australian job seekers being displaced and workers could easily be exploited. The option to not continue would save the Australian Government approximately \$20 million over four years, while missing the benefits of the opportunities identified with having a labour mobility program for Pacific Island countries and East Timor.

Implementation and review

Implementation of the program will be managed by DEEWR. DEEWR will put in place inter-agency agreements with DIAC, DFAT, AusAID and FWO for the implementation of the program. DIAC's role in the program will be – with a cost of, DFAT's role in the program will be– with a cost of, AusAID's role in the program will be– with a cost of, FWO's role in the program will be– with a cost of. Close liaison by the Department of Foreign Affairs and Trade with participating countries will be required to put in place Memoranda of Understanding for 1 July 2012.

Under the preferred option, DEEWR will move to a more clearly designated lead agency and a 'one stop shop' (term used in guidelines) to collect or dispense information for several departments and agencies. DEEWR will move to more defined agency responsibilities, which is likely to achieve a more streamlined approach to implementing an on-going seasonal labour mobility program. DEEWR will manage the provision of information to stakeholders, including seasonal workers and Approved Employers, and will coordinate and manage the information that is provided on the program, including reporting and issues.

Further to the evaluation findings recommending streamlined engagement with employers, DEEWR will manage interactions with participating employers about program requirements and implement an employers' capacity building program. DEEWR will educate regulated parties, such as Approved Employers and seasonal workers. Approved Employers receive education through capacity building exercises and must cooperate with reporting requirements. Partner country governments receive education and training through visits by Australian Government officials to the Pacific, which in turns provides education to seasonal workers before they depart for Australia. Seasonal workers are also provided with pre-departure materials to educate them about their participation in the program.

An overarching implementation, risk management, stakeholder management, communication, and evaluation plan will be developed from 1 January 2012 by DEEWR in consultation with Pilot and program stakeholders, including key industry, union, and community and pastoral care representatives.

The program will take effect from 1 July 2012 with transitional arrangements commencing from 1 March 2012. Transitional arrangements will include the establishment of the National Stakeholder Consultative Panel (NSCP), implementation of necessary regulatory and legislative changes, and a process for managing the transition of existing employers from the Pilot into the program.

An outline of the plan includes:

In January 2012:

- The Minister writing to key industry, union and community representatives seeking their participation in a National Stakeholder Consultative Panel for the Program.
- The Minister, or alternate, writing to participating countries notifying of intention to work together to develop appropriate Memoranda of Understanding for participating in the program.

- DEEWR commencing liaison with the National Stakeholder Consultative Panel on implementation arrangements for the program and on locations to focus government engagement about the program.

In February 2012:

- DEEWR negotiating inter-agency agreements with DIAC, DFAT, AusAID and FWO for the implementation of the program in accordance with the Cabinet's decision.
- National Stakeholder Consultative Panel meetings commencing and continuing on a needs basis.

In March 2012:

- DEEWR developing a program branding and communication materials.
- DEEWR calling for Requests for Tender/Quote for provision of add-on-skills training component of the Program from 1 July 2012.
- DEEWR commencing engagement with Approved Employers on the transition from the Pilot to the Program.

In April 2012:

- The Australian Government issues draft MoUs for the Program to participating countries.
- The Minister for Immigration and Citizenship introduces amendments to the Migration Regulations (tbc).
- The Treasurer introduces amendments to the Income Tax Act to revise the tax treatment of seasonal workers (tbc).

In May 2012:

- The Australian Government and participating countries finalise MoUs.

In June 2012:

- The Australian Government and participating countries continue finalising MoUs.
- (The Pilot concludes.)

In July 2012:

- The Program commences on 1 July 2012.

In August 2012:

- The Program conference will be held in Sydney, NSW.

Under the program there will be a shift to a risk based monitoring approach with fewer reporting requirements, with a more clearly designated lead agency and defined agency responsibilities, which is likely to achieve a more streamlined approach to implementing an on-going seasonal labour mobility program.

Identified risks will be managed through the program design, application of a risk based approach to monitoring Approved Employers, regular stakeholder engagement and monitoring of the program.

The program will be reviewed on an ongoing basis and DEEWR will report to the Minister for Tertiary Education, Jobs, Skills and Workplace Relations on an as needs basis and at least once a year. The reviews of the program will consider development benefits, the benefits to participating industries, compliance and changes in labour market conditions for participating industries, changes in the labour market and relationship with the Pacific that may lead to a change in the industries and countries participating in the program.