OVERVIEW OF POTENTIAL EMPLOYMENT OPPORTUNITIES IN AUSTRALIA TO ENHANCE ECONOMIC DEVELOPMENT IN PACIFIC ISLAND COUNTRIES

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ABSTRACT

This paper serves to contribute to informing the World Bank's promotion of circular migration policies in the Asia-Pacific region. It therefore responds to the economic development case for expanding labour mobility in the Pacific Region outlined by the World Bank in its 'At Home and Away' Report by highlighting some specific industry sectors within Australia where there appeared to be opportunities to employ Pacific Island migrant workers. The rationale being that the use of Pacific Island labour to fill vacancies has the potential to effectively alleviate domestic labour shortages within specified job roles in selected Australian industries, whilst at the same time also presents an avenue through which the earned remittances sent back by the Pacific Island workers to their home countries could provide an invaluable capital source to further support and promote economic development in these countries. The paper consequently concentrates on identifying and providing an overview of employment opportunities within specific Australian industry sectors through which such objectives could be achieved.

Keywords: Development Economics, Labour Economics

INTRODUCTION

In its 'At Home and Away' Report, the World Bank set out an economic development case for expanding labour mobility in the Pacific Region. The labour markets in some developed countries are now partially open to Pacific Islanders. However, as noted in the report, a circular migration scheme in the horticulture scheme can at best have limited impact. There may be other and greater opportunities for integration of regional labour markets in other sectors. 'At Home and Away' took the view that it should be left to private and public sector employers to identify where these opportunities are while Governments should play a facilitating role. Nevertheless, to promote a constructive dialogue it would be helpful to have some indications of the prospects for this integration for a small number of countries and selected sectors.

This paper fulfils this indicative role. It contributes to informing the World Bank's promotion of the circular migration of labour within the Asian-Pacific region. It seeks to identify sectors in the Australian economy that might have employment opportunities for temporary migrants from the Pacific Islands, it describes the context and nature of these employment opportunities and discusses the prospects of Pacific Islanders accessing these opportunities.

1.1 Temporary Foreign Workers in Australia

Presently there are three main categories of temporary workers in Australia: Persons entering under the Temporary Resident Program (TRP), Working Holiday Makers and Overseas Students. In recent times there have been large increases in the numbers in all three categories. This development represents a significant departure from Australia's historical preference for permanent migration. The Temporary Business (long stay) 457 visa is the most commonly used visa category for the employment of temporary foreign workers. It
allows employers to bring in workers from abroad a period of up to four years. The precise conditions governing the program have varied over time. When introduced it relaxed the requirement to show that in mid-2010 there were about 70,000 457 primary visa holders of which the vast majority worked in skilled occupations.

1.2 Overseas Students
The number of overseas students has increased dramatically in recent years to about 500,000. Much of this dramatic increase is driven by the private VET sector (vocational education and training). Overseas students are allowed to work for up to 20 hours per week during term time and unlimited hours during official semester breaks. About one-third of the students work an average of 10-15 hours per week and a significant proportion are dependent on their income from work for their subsistence. By and large, the working pattern of overseas students mirrors that of local students. The vast majority work in unskilled jobs at or below the minimum rates of pay in the service industry. The payment of wages as cash-in-hand is not uncommon. They fare somewhat worse than their local counterparts in the type of jobs they obtain but overt discrimination is not common.

1.3 Working Holiday Makers
The Working Holiday Makers (WHM) are allowed to remain in Australia for a period up to 12 months and work for up to six month with one employer. The total yearly flow has now reached 200,000. Although the official rationale for the Working Holiday Program (WHP) is to enhance the cultural and social development of young people, their role as temporary workers, and as seasonal agricultural workers in particular, has become increasingly evident.

The role of WHMs as seasonal workers in agriculture was highlighted in Home and Away. The proportion of the seasonal work force made up of WHMs was put at 85 per cent (Fruit grower on Murray River), 50 per cent (harvest work in the Murray River region) and 70 per cent (Goulburn Valley orchard). At that time, in 2005, the number of WHM visas was running at about 100,000 per year. Since then the number of WHM visas have doubled and their role as seasonal workers been strengthened. A recent survey indicates that about 70 per cent work while in Australia for a period of about six months. Of these, no less than 27 per cent classify their occupation as farmhand. In 2002 when the scheme was extended to allow for a second 12 month WHM visa for those who had done 'specified work in an eligible regional area for a minimum of three months'. This qualifying condition was specifically designed to encourage WHMs to do seasonal work in horticulture. By 2009 the number of persons who satisfied this condition had grown to 20,000.

These figures imply that that holiday makers contribute 35,000 workers to the agriculture industry of which 20,000 have a one season experience. The figures also imply that some of the reservations about WHM as seasonal workers mentioned in Home and Away - drifting in and out of jobs and each season bringing a crop of novice pickers - may not be as relevant as they used to be. WHM are not just a significant source, but the major source, of seasonal workers to the Australian agriculture industry.

Outside of agricultural work WHM are employed in low skilled work in the service industries; as waiters, cleaners, kitchen hands, bar attendant, sales assistant. These are the same type of jobs as overseas students. Also, the employers' obligations in hiring foreign workers are not very different from that of local worker. The hour's restriction for overseas students, and the six months' time limit for WHMs, is not significant impediment in the type of jobs that they do. The search and recruitment takes place largely within informal
networks. Specific to WHM are their greater reliance on recruitment agencies and backpacker hostels as the hub for the recruitment.

Notwithstanding that overseas students and working holiday makers work in mainly low paid low-skilled jobs they are generally seen as making a valuable contribution. WHMs, it is claimed have ‘a positive effect on the Australian economy and creates jobs in Australia’ and overseas students are the customers of what has become one of Australia's largest export industries. Concerns about their vulnerability or exploitation, or adverse effect on the pay and conditions of resident low skilled workers, are generally mute. It is commonly held that their primary reason for their presence is not as workers, they have financial resources to maintain themselves even if they do not work and their visa status is not tied to their employment.

Combined, the two groups constitute a pool of some 300,000 workers available for part-time and casual work in the service sector. This is about three times larger than the mainly highly skilled temporary resident workforce even if including the dependants of the primary visa holders. Thus use of temporary foreign labour for low-skilled work is a fait accompli in the Australian labour market

THE SEASONAL WORKERS SCHEMES IN AUSTRALIA

Notwithstanding many requests from political leader of Pacific region countries, Australia has for a long time declined to open its door to even temporary migrants from the Pacific Islands. But the pressure from the international community has become more intense. At the Pacific Islands Forum at Port Moresby in October 2005 member countries, including Australia, committed themselves to further examination of opening up labour mobility in the region. However, the Government at the time did not believe that a ‘guest-worker’ program for Pacific Islanders was the best way to assist them. Instead, the issue was transferred to a Senate Committee that recommended that the matter should be considered. When the change of Government in 2007, the political climate made it possible to at least initiate a pilot scheme along the lines envisaged in the Labor Party's 'Pacific Policy Discussion Paper'.

Australia's Pacific Seasonal Worker Pilot Scheme was announced on the 17 August 2008. Under the pilot, up to 2,500 visas would be made available over three years for workers from Kiribati, Tonga, Vanuatu and Papua New Guinea to work in Australia for up to seven months in any 12-month period. Limited to three pilot areas of Griffith (New South Wales), Swan Hill and Robinvale (Victoria) and growers must demonstrate that they have tested the local labour market.

The first phase of the scheme had a slow start. By early 2009, two approved employers had been selected and four growers had submitted applications. The first workers, 50 Tongans, arrived on the 19 February 2009. A similar number from Vanuatu arrived in April 2009. During the 2010 harvest season only 31 workers from the Pacific arrived. In total it was reported that a total of 137 workers had come by mid-2010. By the time phase 2 started in mid-2010 another five approved employers had been selected and the pilot scheme had now been extended to run until June 2012.

There are several reasons for the slow up-take of the Australian scheme. One reason is the delays in finalising the arrangements with the countries concerned. A second reason is the restrictive arrangements for hiring Pacific workers; in particular the need for growers to operate through approved labour hire firms. Thirdly, Australia's scheme is overseen by no less than four Government departments and one agency, an arrangement that means that the industry voice is lost among competing agendas. Finally, the demand from growers for Pacific workers has been much less than expected. Notwithstanding the many claims of
difficulties in finding seasonal labour, working holiday makers and undocumented foreign workers have met most of the need.

ACCOMMODATION & FOOD SERVICES INDUSTRY IN AUSTRALIA

The Accommodation and Food Services industry in Australia comprises of four sectors which includes Restaurants, Cafes and Takeaway Food Services, Clubs (Hospitality), Bars, Pubs and Taverns and Accommodation. Employment within the industry can be volatile due to its sensitivity to the discretionary income and spending levels of Australians as well as the impact that international economic and geopolitical factors can have.

In Australia, the Accommodation and Food Services industry has experienced strong growth over the long term with annual average growth rate of 2%. In the past decade up till February 2010, there has been employment growth of 21.9% within the industry which represents an increase of 133 100 jobs over the period. More recently in the 12 month period until February 2010, the industry has recorded significant increases in employment with an additional 32 000 jobs becoming available.

![Figure 1](image)

Figure 1: Employment Level (RHS Axis=000s) & Annual Change (000s)- year to February 2010

Based on DEEWR’s employment projections, the Australian Accommodation and Food Services industry is forecast to experience annual aggregate employment growth of 2% year over the five years to 2014-2015, which translates into approximately 79 000 new jobs.
Figure 2: Recent and Projected Employment Growth (% pa) - to February 2010 (past) and 5 years to 2014-15 (projected)

Specifically the Restaurants, Cafes and Takeaway Food Services sector is expected to have a higher job growth with projected employment increases for the sector to 2014-2015 being 2% per annum, which equates to 36,200 new jobs. The other sectors are also forecast to experience employment growth in the period to 2014-2015, although the respective rates of job growth are slightly lower. Bars, Pubs and Taverns are
expected to have annual employment growth of 1.8\% (9,600 additional jobs) until 2014-2015 while the Accommodation sector is projected to have annual job growth of 0.8\% (4,600 new jobs) over the same period. It is also anticipated that the Clubs (Hospitality) sector will experience employment growth of 0.2\% per year or 600 new jobs in the five years to 2014-2015.

Figure 3: Accommodation and Food Services Sectors - Projected Employment Growth \(\%\) pa to 2014-15

In the August 2010 edition of DEEWR’s Vacancy Report, over 4,400 (4405) job vacancies were reported for Hospitality Workers. This figure had increased to 5073 by the time DEEWR’s September 2010 Vacancy
Report was released. Continued employment growth for this occupational group was also evidenced by the fact that DEEWR’s November 2010 Vacancy Report indicated that there over 6000 (6010) vacancies for Hospitality Workers.

According to ABS Labour Force Survey Data (released by DEEWR) as indicated in the bar chart below, there was almost 14% (13.9%) employment growth for Hospitality Workers in the last five year period and 11.6% job growth recorded for the past two years.

![Bar Chart](image)

*Source: ABS Labour Force Survey, DEEWR trend data to May 2010*

Figure 4: Recent Job Growth (%)
In the past 5 years, there has been employment growth of nearly 11% (10.9%) for Waiters in Australia, with almost 8% (7.9%) job growth being reported over the last two year period alone. Both these facts are illustrated in the figures below.


Figure 5: Recent Job Growth (%)

Baristas and Bar Attendants in Australia as an occupational group have experienced moderate job growth in recent times with employment increasing by almost 11% (10.8%) over the last two years.

As an occupational group, Café Workers have experienced 11.4\% increase in employment over the last five years. This has included particularly strong job growth of nearly 49\% (48.9\%) in the past two years.

The bar graph above shows employment growth (‘000s) over the past five years for the occupations in the cluster and indicates that the greatest job growth has been amongst Waiters with 10,700 additional jobs being created within the occupational group.
The figure above shows projected employment growth (per cent per annum) over the next five years for the occupations within the cluster with each forecast to experience job growth at a rate of 3% or just above in the next five year period. The projected increase in the number of jobs for each of the occupational groups induced by this anticipated employment growth is depicted the Table below. As indicated by the figures, the most substantial increase in employment is forecast to occur for Waiters with more than 20,000 (20,400) jobs expected to be created over the next five year period.

**THE MEAT PROCESSING INDUSTRY IN AUSTRALIA**

The Australian meat industry is an important industry as the fourth highest commodity export earner. The value of the production of the Australian red meat industry was about $8.1 billion in 2007. In addition, the Australian red meat industry provides employment for more than 50,000 employees (Commonwealth of Australia, 2006). The meat processing industry, which comprises abattoirs/boning rooms, smallgoods
operations (including wholesalers), food services operations and meat retailers (Agri-Food Industry Skills Council 2009), includes about 300 abattoirs including boning rooms with about 25,000 workers.

The shortage of skilled labour is considered by many Australian industry organisations to be the greatest immediate challenge (Australian Meat Industry Council, 2006). The shortage of mainly skilled labour is a constant theme of industry organisations and employers in Australia at national, state and regional level. While many factors are at work, the nature of the work is an important reason. The working environment is physically demanding of and the workplace can be unpleasant. Meat workers have high injury and work-related illness rates, and the sector ranks high in the on lists of hazardous workplaces. The industry also has a history of poor workplace relations. Mistrust of motive and the unilateral exercise of power are recurrent problems in the industry. The seasonality of the business, the industry traditions, such as regular daily hire, are other factors that make meat processing a less attractive job. Labour turnover is high; about 20 per cent in Australia.

Much of the turnover is due to recent recruits leaving their jobs. Many initiatives are being undertaken to improve the working conditions and the image of the industry. The increased focus on training to address the work force issues is one of these. However, even if the industry has been successful in raising the training rate, almost two-thirds of trainees (5,000 per year) leave before completing their traineeship.

The conditions of work in this industry have made the meat industry a migrant industry in many developed countries. The US meat processing industry relies on migrant labour for a significant share of the work force and from time to time guest worker programs have been proposed. The dependence has increased in recent times as plants have been relocated from metropolitan to rural areas. But as the work is unattractive to local workers, this relocation is has resulted in an accompanying relocation of Hispanics. In the year 2000 Hispanics accounted for no less than 35 per cent of the industry workforce.

The Australian and New Zealand industry is also becoming increasingly dependent on migrant workers. In Australia, the meat industry has become a large sponsor of temporary 457 migrants. In 2004-05 a few hundred slaughterers were brought in by 2005-06, the number was approaching 2000 (this figure includes some butchers). This was a result of relaxing the skill requirements so that companies could bring in any worker who has a basic meat industry trade qualification. Many of the new recruits have come from new source countries; notably Vietnam, China and Brazil.


In 2008 it was estimated that about 2,000 persons on 457 visas were working in the meat industry. Recently, however, it has become more difficult for the meat industry to recruit temporary migrants. Changes introduced in September 2007 made the meat industry labour agreement the only avenue available to access skilled meat workers through the subclass 457 program. A Labour Agreement impose more stringent conditions on employers as regards pay rates, commitment to training Australian workers, arrangements for settling foreign workers in local communities, and English skills, including training where these are inadequate. It might also include a cap on percentages of foreign workers allowed. The industry’s need for recruiting meat workers from overseas has not abated. At 30 June 2009, 19 companies had signed a meat industry labour agreement and a further 12 agreements were under negotiation. However, the new arrangements have meant that the inflow of migrant workers has been reduced significantly.

The conditions for entry of migrant workers in the meat processing industry have been a contentious issue. The problem has its roots in the changing organisation of meat processing. The traditional boundary between skilled and semi-skilled work has broken down. The mechanised chain system of slaughtering has reduced the individual meatworker’s skill from processing a whole carcass to processing only one section of it. Following from this, the pace of the work in the meat industry is set by the mechanised chain system of disassembly and revolves around groups or gangs of workers, with each group member having responsibility for a part of the disassembly of the carcass as it moves, suspended, down the conveyor belt chain. But some tasks will always require highly skilled people. However, there is a risk already observed in plants that, while removing some work to machines, it will leave often boring and repetitive tasks for workers to carry out.

The industry argues that Australia needs to recognise a broader labour shortage of workers at most of the capacity levels required in integrated manufacturing operations (not just traditional ‘skilled’ classifications). But Governments have been reluctant to accept this view; particularly as a large number of media reports have highlighted how skilled workers have been used for unskilled labouring, and that people are being exploited with low wages and below-standard conditions. In particular, slaughterers, having a skilled occupation, have been given other jobs, such as boning and slicing, prompting union complaints that employers are going beyond the law.

At the same time the industry is fully aware that migrant workers is not the solution to the workforce issues they face. Industry plans and strategies propose numerous initiatives to secure a skilled and capable workforce. In these plans, migrant workers are mentioned, but often with reservations attached. An Australian industry report states that International migrants are just an option but certain criteria have to be met. Furthermore, migrants from overseas will require significant assistance with settlement - employers need to engage the rest of your workforce and the community - if the strategy is to prove successful.

In reality, however, the Australian meat processing industry has become dependent on temporary migrant workers. In Rockhampton, the meat capital of Australia, the largest employer with a workforce of 900 persons employs no less than 400 primary 457 visa holders from Vietnam and Brazil. In addition, many of their spouses are employed in the packaging area. While on temporary visas, being the only route for bringing in overseas workers in the meat industry, these workers, as a group, are to all intents and purposes a permanent workforce; those who leave are replaced by newcomers through the operation of informal recruiting networks. This high degree of dependence on migrant workers can be traced to the labour intensive nature of the industry and the competitive environment in which it operates. Local workers cannot meet the

3 Department of Immigration and Citizen ship, Annual Report 2008-09.
needs of such an industry when better jobs are available. In Rockhampton it is the high paying mining industry that is the main alternative.\(^5\)

This migrant employment strategy is driven by the large operators in the industry. The industry is dominated by four multinational companies that account for 50 per cent of the market. The largest, Swift Australia, part of the JSB Swift group, operates ten plants in Australia employing over 6,000 workers. These companies have simply transferred their international employment practices to Australia. In most developed countries there is an insufficient number or quality of local workers who can face the rigours of repetitive, physically demanding work in an unpleasant environment. Hence, the operation of an internationally competitive meat processing industry in developed countries has become dependent on migrant workers. In Australia this development has taken place during the past decade.

**MINING INDUSTRY IN AUSTRALIA**

In recent years there has been considerable job growth within the Australian mining sector, which has been largely underpinned by the increased demand for some of Australia’s mineral commodities induced by the continued industrialisation of China and other rapidly growing Asian economies. In the five years to February 2010, the mining industry in Australia experienced employment growth of over 60% with more than 64,000 additional jobs being created over the period at an annual growth rate of 9.9\% per annum. Over the shorter term, two year time span to February 2010, job growth within the Australian mining sector was reported to be slightly above 18\% with annual employment growth rate of almost 9\% per annum and over 26,000 jobs becoming available. In the one year between February 2009 and February 2010, there was 4\% growth in employment which translated into there being more than 6,500 additional jobs within the industry.

As indicated in the bar chart depicted below, job growth of 6.7\% was recorded for workers employed as ‘Construction and Mining Labourers’ over the last five year period.

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Figure 11: Recent Job Growth (%)

According to the November 2010 results of the *Vacancy Report* (released by DEEWR), there were 2134 reported vacancies for ‘Construction and Mining Labourers’. This represents a significant increase from 1528 vacancies reported for the occupational group in DEEWR’s May 2010 *Vacancy Report*. The vacancy figures released for ‘Construction and Mining Labourers’ in November 2010 also reflected an annual increase of more than 27% and a monthly increase of 8.2% for the occupational group. DEEWR’s *Skilled Vacancy Index (SVI)* also indicated that there was more than a 30 per cent (30.1%) increase in internet vacancies for ‘Construction and Mining Labourers’ in the 12 month period to February 2010.

The projected future employment growth in the Australian mining industry is forecast to be 3.3%. Therefore more than 28,000 jobs are anticipated to be created within the mining sector over the next five year time span. Another report released by the National Institute of Labour Studies (based at Flinders University) projected that the Australian Minerals Sector would require about another 6,400 ‘Labourer & related workers’ for the period between 2005-2015. This was believed to represent over an 80% increase in demand for this group of workers, with the supply of these workers forecast to decline by nearly 2% across the same decade. The results of a 2008 study conducted by the National Institute of Labour Studies indicated that over the next ten year period the mining industry would require approximately 8,000 labourers and 30,000 semi skilled workers.

As is evident from the following figure, there is anticipated employment growth of more than 3% for ‘Construction and Mining Labourers’ forecast for the next five year period.
The graph below based on DEEWR data reveals how the number of jobs for ‘Construction and Mining Labourers’ across Australia is projected to increase by 1,700 in the time span to 2014-1015.

**Figure 12: Projected Job Growth (%) to 2014-15**

**Figure 13: Projected Job Growth (thousands) to 2014-15**

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