

The Australian Seasonal Worker Program (SWP) and New Zealand's Recognised Seasonal Employer (RSE) scheme are government policies that aim to encourage economic development in the Pacific through various forms of remittances (financial, material and social) that workers take home. Evidence from New Zealand and Canada shows that migrants involved in seasonal worker schemes not only provide a reliable source of labour which boosts productivity; their incomes also encourage economic growth in host communities.

Seasonal workers provide benefits to local host economies through spending large amounts of their income on accommodation, food, second-hand goods and telecommunications. The influx of seasonal labourers has positive impacts on local businesses and supports local employment (Bailey 2013, 2014; Bauder et al. 2002; Colby 1997). Using quantitative data from long-term research on how workers contribute to local host economies in New Zealand, the consumption patterns of RSE workers provide a broader picture of impacts on host economies, especially in rural areas, and demonstrate the potential for similar outcomes in Australia.

Presently, international labour migration concerns focus mostly on negative or misrepresented data, often highlighted in the media; for example, concerns that the new Pacific seasonal workforce would remove employment from local workers or contribute to lower wages. Discussions with local businesses and community members highlighted the positive effects in hosting RSE workers. Drawing on quantitative evidence from New Zealand, this In Brief discusses ways in which local economies in Australia might benefit from in-country expenditure by seasonal workers. Many of the figures quoted in this paper involve linear generalisation and extrapolation and are intended to be indicative only. Estimates and projections included in the paper are based on the latest figures of 9000 workers under the RSE scheme and 3250 in the case of the SWP.¹

In 2007, the general manager of Seasonal Solutions Co-operative, based in Central Otago, New Zealand, recommended that growers and accommodation hosts encourage Pacific seasonal workers to save

their earnings, to ensure that large cash remittances went home to Pacific communities: 'this policy is about getting as much money as they can back to the islands.'² In fact, while seasonal workers do remit significant amounts back home, there is evidence from Central Otago business operators suggesting that RSE workers also spend considerable amounts in New Zealand.

Accommodation

In Central Otago, seasonal workers have provided accommodation hosts a windfall. Prior to the RSE scheme, Cromwell College Apartments (CCA) serviced the local college and occasionally rented lodges for group hire. In 2009, applications from college students declined but demand from RSE workers, who now provide regular income for CCA for 5–7 months per year, have kept CCA financially viable.

In Central Otago in the 2014/15 season, 476 RSE workers each paid an average of NZD110 weekly (about NZD52,360 per week in total) in accommodation costs. Extrapolating this figure nationwide, it's possible to estimate that 9000 RSE workers pay almost NZD1 million per week in accommodation. Based on New Zealand costs and figures, this would amount to AUD357,500 in the case of Australia's 3250 seasonal workers.

Food/Grocery Retailers

Food retailers will always make gains from the influx of seasonal workers. In Central Otago, seasonal workers spend on average NZD60–100 per week on food and personal items. The lower end of this scale implies a total weekly spend on food and personal items by seasonal workers throughout New Zealand of NZD540,000. Assuming a similar level of expenditure by seasonal workers in Australia, the existing cohort of SWP workers could spend AUD195,000 per week on food and personal items.

Second-Hand Goods Stores

Workers arriving in their first season are often unprepared for the climate and do not possess work items needed like footwear and warm clothing.

Although encouraged in pre-departure seminars to travel with enough money to cover two weeks of expenses, workers often arrive with little or no cash. This has led to employers loaning money to workers to purchase appropriate work gear soon after arriving (Bailey 2009). Workers are then taken to local second-hand stores to make their purchases.

In Central Otago, the Cromwell Salvation Army store expanded its business by leasing two adjacent stores to provide more space as a result of demand from seasonal workers from Vanuatu. Furthermore, the increased customer demand has seen two new second-hand competitors enter the market. In New Zealand, RSE workers spend a significant portion of their earnings on products that in Vanuatu are either too expensive or unavailable. On average, RSE workers will spend NZD500–2000, largely in local stores, on goods which are shipped home. The low end of this scale implies a New Zealand-wide total spend of NZD4.5 million on second-hand goods. Extrapolated to Australia and based on current SWP numbers, this figure would amount to some AUD1.6 million.

Telecommunications

Telecommunication companies also benefit from seasonal labour schemes. Purchasing mobile phones has become increasingly common among seasonal workers. The Central Otago case study revealed a lack of demand for phones during the first season between 2007 and 2008. Since 2009, however, the picture has changed significantly, with increased access to mobile telecommunications in Vanuatu and decreasing costs of mobile phones.

By 2014, 50 per cent of participants in Bailey's (2014) study had purchased mobile phones at an average cost of NZD70 each. If half of all RSE workers — 4500 workers — bought a mobile phone for NZD70, this would equate to NZD315,000. The equivalent figure for Australia (i.e. for half of the current SWP cohort) would be AUD113,750. These estimates do not include account and usage fees, which vary across the spectrum. (Evidence suggests that companies that provide phone card services offering cheaper international calling rates are preferred by seasonal workers.)

Conclusion

The RSE scheme and SWP provide incomes for development in Pacific island nations (Bailey 2014)

and deliver an additional source of income to rural economies of host countries. The Central Otago case study provides persuasive evidence that expenditure by seasonal workers is making economic contributions to rural economies of the labour-receiving countries. A similar picture can be expected in Australia. Importantly, as long as the schemes remain, Pacific seasonal workers provide additional consumption in the economy, over and above 'normal' levels.

One question that warrants further research is whether and how the presence of seasonal workers in rural regions of Australia and New Zealand has generated increased employment opportunities for locals. Experience in New Zealand provides evidence of this positive effect through, for instance, increased demand for cleaning and retail services, and an increased demand for local labour generated by productivity gains, themselves a result of the employment of Pacific seasonal workers.

Author Notes

Rochelle Bailey and Roannie Ng Shiu are research fellows at SSGM.

Endnotes

- 1 The estimates and statistics used in this In Brief are based on data from Bailey (2014).
- 2 Craig Howard, General Manager, Seasonal Solutions Co-operative Ltd, September 2007.

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