RSE Impact Study: Synthesis report

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Dr Heather Nunns, Analytic Matters
Dr Charlotte Bedford, Bedford Consulting
Dr Richard Bedford, Bedford Consulting
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### Abbreviations

<table>
<thead>
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<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ATR</td>
<td>Agreement to Recruit</td>
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<tr>
<td>DFAT</td>
<td>Department of Foreign Affairs and Trade</td>
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<td>INZ</td>
<td>Immigration New Zealand</td>
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<td>LM</td>
<td>Labour mobility</td>
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<td>LSU</td>
<td>Labour Sending Unit</td>
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<tr>
<td>MBIE</td>
<td>Ministry of Business, Innovation and Employment</td>
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<td>MFAT</td>
<td>Ministry of Foreign Affairs and Trade</td>
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<tr>
<td>NZ</td>
<td>New Zealand</td>
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<td>PIC</td>
<td>Pacific Island country</td>
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<td>PLF</td>
<td>Pacific Labour Facility</td>
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<td>PLS</td>
<td>Pacific Labour Scheme</td>
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<td>RSE</td>
<td>Recognised Seasonal Employer</td>
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<td>SPP</td>
<td>Strengthening Pacific Partnerships</td>
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<td>SWP</td>
<td>Seasonal Worker Programme</td>
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<td>TVOM</td>
<td>Toso Vaka o Manū</td>
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Executive Summary

This report provides a strategic analysis of the implications of the findings of the RSE Impact Study and discusses their implications for the future of the RSE scheme. A significant challenge when considering the strategic-level implications of the findings is that the impacts of the RSE scheme are highly context-driven. The impacts of the RSE vary across sectors/crops within the horticulture and viticulture (h/v) industries, across New Zealand host communities, and within and between participating Pacific Island countries (PICs) and their communities.

The COVID-19 pandemic emerged during our analysis for this report. The nature and extent of impacts of this global health crisis on the h/v industries and their international markets have yet to be determined. Despite this, we have attempted to be mindful of potential consequences of the pandemic for the RSE scheme in our discussion.

Strategic context

The high-level findings must be considered with regard to the strategic context within which the RSE scheme operates in New Zealand and participating PICs, and which may influence the scheme’s future development. The three most important contextual factors discussed in the report are summarised here.

New Zealand: Pressure from overseas markets for socially sustainable production and compliance
Paralleling the increasingly export-driven nature of New Zealand’s h/v industries, changes in international markets have led to the concentration of food retailing into the hands of large supermarket chains. In response to consumer calls for greater environmental and social responsibility in global food supply chains, large retailers have implemented third-party certification to regulate production practices. Global GAP, and its associated add-on, GRASP, was launched in 2007 and provides international standards for farm production covering food safety and traceability, environmental practices, human and animal welfare. For New Zealand producers, Global GAP certification grants them access to European markets. Further, the enactment of the UK Modern Slavery Act in 2015 and Australia’s Modern Slavery Act in 2018 means organisations and their supply chains are now subject to much closer scrutiny of their labour practices. The RSE scheme is under the constant scrutiny of international markets with far-reaching consequences for export earnings if RSE employers are seen to be using poor or mediocre employment practices.

New Zealand: Forecast growth of the h/v industries
Over the next decade, continued growth of the h/v industries is forecast in both production and area planted across all main crops – kiwifruit, grapes and apples – requiring greater numbers of seasonal and permanent staff. This is driven not only by growing export demand, but also by Horticulture New Zealand’s domestic push to diversify land away from sheep, beef and dairy into horticulture to help meet the Government’s strategy to reduce greenhouse gas emissions by 30 percent below 2005 levels by 2030.

Participating PICs: Importance of labour mobility to support PIC economies post COVID-19 and mitigate climate change impacts
Labour mobility options have expanded for PICs as a result of the growth of Australia’s Seasonal Worker Programme (SWP) and the introduction of the Pacific Labour Scheme (PLS). In the immediate future, labour mobility (LM) and associated remittance flows will be an important strategy to support PIC economies with limited domestic industry to recover from the anticipated global recession associated with COVID-19. In the longer-term, Pacific governments facing climate change challenges
are likely to deem temporary LM as an adaptive strategy to mitigate the loss of productive land, livelihood and habitat security. Remittances from LM diversify household incomes and provide a ‘safety net’ to meet basic needs when resource-based livelihoods are less productive due to extreme weather events or longer-term climate trends.

**Strategic risk areas**

Drawing on the findings of the New Zealand and Pacific stream reports, three strategic risk areas for the RSE scheme are identified. **Regardless of the size and shape of the scheme post COVID-19, these risk areas require attention by MBIE and MFAT.** The risk areas are:

1. RSE worker wellbeing and financial returns require greater focus.
2. Unequal distribution of RSE benefits must be addressed – between RSE employers and workers; men and women; across PICs; and within individual PICs.
3. Potential negative impacts for Pacific families and communities from labour mobility must be mitigated.

**Suggested responses to risk areas**

Our suggested responses to the three risk areas are aligned to the New Zealand Government’s *Pacific Reset* priorities. Some responses will require changes to existing Immigration and RSE policy settings. We also offer possible courses of action for consideration by Pacific officials (shown in a blue-shaded box). Our suggestions are generic in nature and do not address PIC-specific issues associated with individual governments’ management of and participation in LM.

**Risk area one: RSE worker wellbeing and financial returns require greater focus**

Since the scheme’s inception, the focus of the scheme has been on meeting the demands and expectations of employers. **There has been less attention to RSE workers’ experiences and viewpoints. This is a potential risk for the scheme now and in the future, given the scrutiny of international customers on socially sustainable employment practices throughout their supply chains.** Three worker-facing responses are identified to foster a best practice RSE scheme in respect of worker wellbeing, summarised as follows.

- Recalibration of worker conditions, especially in respect of the level of earnings which are reported as not keeping pace with increasing living costs and other participation costs.
- Barriers are addressed to enable workers to have greater “voice” to express concerns and exercise their rights.
- A multi-entry visa for RSE workers is introduced to allow workers to return home during the season for a family-related event such as a funeral.

The study findings about the need for more attention to be given to worker wellbeing provides PIC governments, individually and collectively, with the opportunity to clearly articulate and be more assertive about their expectations of RSE employers with regards to the wellbeing of their citizens while working and living in New Zealand.

**Risk area two: Unequal distribution of RSE benefits must be addressed – between RSE employers and workers; men and women; across PICs; and within individual PICs**

Over the 13 years of the RSE scheme’s operation, recruitment has largely been employer-led. MBIE has generally taken a ‘hands off’ approach regarding where and how employers choose to recruit workers, apart from ensuring employers comply with the requirements of labour sending countries. RSE employers want return, skilled workers because they are the most productive, and/or may recruit from specific communities where they have developed relationships, or recruit from the most
convenient locations (near main centres) to minimise recruitment costs. This approach has led to significant disparities in access to RSE employment opportunities across the participating countries as well as within some PICs. **MBIE and industry need to decide whether these disparities should continue to be an outcome of current recruitment practices, or whether new approaches need to be adopted in the context of ensuring the RSE scheme delivers more equitable outcomes for all key stakeholders.** We suggest mechanisms for discussion with RSE employers aimed at generating more equitable distribution of RSE employment opportunities amongst participating Pacific countries. For example, large employers that regularly secure increases in worker numbers could be required to recruit a specified percentage of the increased number from PICs with lower RSE participation rates; places generated by annual increases in the worker cap could be prioritised for employment opportunities for women and/or PICs with lower participation rates.

The challenge for those PICs with large numbers of RSE, SWP and PLS workers is to ensure a more equitable distribution of seasonal work opportunities and income across rural communities. This requires active management of LM policy settings within the larger strategic context of national employment policy and workforce planning.

**Risk area three: Potential negative impacts for Pacific families and communities from labour mobility must be mitigated**

The findings indicate a rebalancing of RSE’s two policy aims is required: to provide a sustainable supply of Pacific workers for h/v industries (NZ-facing aim); and to contribute to development objectives in the Pacific by fostering economic growth and regional integration (PIC-facing aim). **While RSE employers remain the primary driver of the policy, if RSE is to continue to be a best practice scheme, the development aim must be kept to the fore.** The objective of such rebalancing is to mitigate potential negative impacts of RSE on workers’ families and communities. Four responses are suggested:

- Give greater prominence to the role of the worker’s family in the way the RSE scheme is framed. As an important first step, the wellbeing of workers’ families remaining at home should be incorporated into the critical success outcomes for the RSE policy listed in the Inter-agency Understanding (IAU) document.
- Refocus Toso Vaka o Manū funding from its current front-end focus on Labour Sending Unit (LSU) capacity building, to supporting families to get most benefit from their RSE participation.
- Get greater development value out of Vakameasina funding by linking some courses (delivered to advanced level) more closely to vocational areas that would enable workers to establish an income-generating venture at home e.g. sewing, experience tourism, small engine repair and maintenance.
- Develop synergies with NZ Aid investments and Australia’s Pacific Labour Facility (PLF) through better coordination and cooperation.

The challenge for PIC governments is mitigating negative impacts arising from family separation and loss of productive community members while workers are overseas. Such mitigation could include provision of formal (e.g. services) and informal (e.g. traditional support structures) measures in order to ensure there are sufficient human resources in communities/islands for food production, care of family members, community wellbeing, and paid and unpaid employment.
Conclusion
The RSE scheme is a complex adaptive system. The scheme as a whole behaves in a particular manner that is quite different from, and cannot be reduced, to the behaviour of its individual actors (NZ government officials, PIC government officials, employers, workers and their families, Pacific communities, host NZ communities). While RSE has operated as a relatively stable programme over the last thirteen years, it is not a static scheme. It continues to evolve and is susceptible to change. Accordingly, it is a scheme that requires continual oversight of, and support for, the different actors to understand their interrelationships and how their interactions can best be organised to ensure the policy’s objectives are kept in balance in future. The suggested responses described in this report to address the three strategic risk areas are designed to ensure that the RSE scheme does not simply remain fit for purpose but enhances its reputation as a best practice labour mobility scheme.
Introduction

The RSE Impact Study has four overarching research questions:

1. What are the social and economic impacts of the RSE scheme on, and for, communities in New Zealand?
2. What are the social and economic impacts of the RSE scheme for PIC workers and their island-based families?
3. What are the social and economic impacts of the RSE scheme on, and for, Pacific communities?
4. What are the implications of the study findings for the future development of the RSE scheme?

Research question one was addressed in the New Zealand stream (completed in July 2019), and questions two and three in the Pacific stream (completed 30 January 2020). This report provides a succinct, strategic analysis of the findings and discussion about their implications for the future of the RSE scheme for participating PICs and New Zealand (research question four). The RSE scheme theory of change on which the Impact Study research is based has been updated with the findings (Appendix A).

A significant challenge when considering the strategic-level implications of the findings is that the impacts of the RSE scheme are highly context-driven. The impacts of the RSE vary across sectors/crops within the h/v industries, across New Zealand host communities, and within and between PICs and communities. What may work well for one community or group, may be less successful or appropriate for others.

When we started our analysis for the synthesis, the COVID-19 outbreak was confined to China. In the space of a few short weeks, the outbreak became a global pandemic resulting in border closures and for New Zealand, a shutdown of all but essential services, the cessation of flows of temporary migrants including RSE workers into the country and back to their home countries, and disrupted trade to offshore markets.¹ The Government has introduced a range of measures to support the domestic economy, including new immigration measures. All temporary visas due to expire before 1 April, and between 1 April and 9 July, will be automatically extended until late September 2020.² At the time of writing, over 9,700 RSE workers are in the country.

The nature and extent of pandemic impacts on the h/v industries and their international markets are yet to be fully understood. Further, what the ‘post-pandemic world’ will become for the h/v industries and participating PICs is uncertain at this stage. Despite this, we have attempted to be mindful of potential consequences of the pandemic in our discussion of strategic-level impacts of the scheme.

Strategic context: current and future

This section identifies, in no particular order, key aspects of the strategic context in New Zealand and participating PICs which may influence the RSE scheme in the future.

New Zealand

New Zealand and Australian Governments’ commitment to the Pacific

New Zealand’s long-standing special relationship with the Pacific is reflected in one of the RSE scheme’s policy aims: To contribute to the development objectives in the Pacific by fostering economic growth and regional integration. This aim gained greater significance with the announcement in 2018 of the New Zealand Government’s Pacific Reset. Labour mobility opportunities (via RSE, the Pacific Trades Partnership, and Fisheries Pilot) contribute to one of the five Pacific Reset thematic priorities, namely, to build economic resilience. One of the eleven 10-year outcomes described in MFAT’s Strategic Intentions document 2019-2023 is: Improved economic and social wellbeing in Pacific Island countries. Six result areas underpin the achievement of this outcome, one of which is: Mutual benefits from labour mobility are increased.3

Likewise, the Australian Government is committed to its Pacific neighbours as set out in Stepping up engagement with Pacific States announced in 2017, which includes increased opportunities for temporary work for Pacific citizens in Australia.4 Two LM schemes are currently operating: the Seasonal Worker Programme (SWP) which allows employment for periods of up to nine months, and the Pacific Labour Scheme (PLS) providing employment for up to three years for semi-skilled Pacific workers in a wide range of industries. We suggest ways in which the Pacific Labour Facility (for PLS) and MBIE (for RSE) can coordinate and identify synergies in their respective LM activities to avoid duplication of effort and reduce burden on LSUs.

Socially sustainable production and compliance

New Zealand’s h/v industries have been expanding rapidly since the mid-2000s, with increasing international demand for New Zealand products and strong growth in export markets. In 2018 horticultural exports reached $5.5 billion, equivalent to almost 10 percent of total merchandise exports, and representing an increase of more than 100 percent in the total value of horticultural exports from a decade earlier (2007; $2.7bn). Kiwifruit, accounting for 34 percent of export revenue, wine (31%) and apples (14%) dominate the country’s horticultural exports. Produce is exported to 128 countries, with two-thirds of total exports going to five markets: Continental Europe, Australia, the USA, China and Japan.5

The RSE scheme, while providing a relatively small component of the total seasonal workforce in several regions including Bay of Plenty (17%) and Central Otago (15%), has played a critical and enabling role in the expansion of the h/v industries due to the certainty of labour that the scheme provides. Access to RSE workers is now considered an essential part of the business model for large producers focusing on premium export markets. The reliable supply of seasonal labour is facilitating a shift towards new, higher-yield varieties and planting systems, and year-round production-related activity that stimulates demand for seasonal and permanent staff.

Paralleling the increasingly export-driven nature of New Zealand’s h/v industries, changes in international markets have led to an increasing concentration of food retailing in large supermarket chains. These retail chains wield considerable influence over their suppliers and are placing growing emphasis on sustainable production. Askew (2020) argues there are “two main forces, alongside price, shaping today’s food system: concerns over the health of the planet and people.” Consumers are becoming more environmentally conscious and retailers are at the sharp end of consumer sentiment – they adjust their products and practices to reflect consumer demand.

To address calls for greater environmental and social responsibility in global food supply chains, large retailers have implemented third-party certification to regulate production practices and provide consumers with confidence in food safety and quality. Global GAP, and its associated add-on, GRASP, was launched in 2007 and provides international standards for farm production covering food safety and traceability, environmental practices, human and animal welfare. For New Zealand producers, Global GAP certification grants them access to European markets.

With the enactment of the UK Modern Slavery Act in 2015, and Australia’s Modern Slavery Act in 2018, organisations and their supply chains are now subject to much closer scrutiny of their labour practices to eliminate suspicions of worker exploitation. Most recently, the EU Commission’s Green Deal (which includes a green oath “to do no harm”), ratified in December 2019, aims to develop new standards for sustainable growth, in line with EU environmental and climate ambitions, that apply across global value chains. Sustainability and social assurance initiatives are now at the heart of the operations of leading UK and EU retailers. They also apply in the domestic market with retailers such as Countdown requiring producers to meet their “Responsible Sourcing Standards”.

The emphasis on socially sustainable production was not a major issue for the h/v industries in 2007 when RSE was introduced. This has emerged as a growing concern over the past 13 years, driven not only by changing consumer demands in export markets, but also by the increasingly export-oriented nature of New Zealand’s h/v industries. While horticulture is the country’s fourth largest export, New Zealand is a small player on world markets. New Zealand producers are highly sensitive to the...
requirements of retailers, and fear of being blacklisted by UK and European supermarkets is a powerful incentive to meet quality standards through compliance.\textsuperscript{11}

The RSE scheme has been recognised as ‘good practice’ by the ILO,\textsuperscript{12} but there are features inherent to temporary migration schemes like RSE, such as the restrictive employment conditions linked to the visa, which generate international criticism, particularly in relation to worker vulnerability and exploitation.\textsuperscript{13} Within New Zealand, differences in the operation, labour needs and workforce planning of the apple, kiwifruit and wine sectors means it is difficult to get consistency in terms of compliance to meet global standards.\textsuperscript{14} Nonetheless, industry leaders recognise the vital role of compliance in retaining access to export markets.

Increasing compliance activity by the Labour Inspectorate in recent years, along with the Immigration Minister’s five challenges to industry in 2018, which include improving employment conditions and wage rates, and stamping out worker exploitation along the h/v industries’ supply chains, reflect the wider international regulatory framework. According to industry leaders, h/v producers can expect more rigorous auditing requirements in future. The challenge will be to streamline the information required for RSE approval with global auditing requirements under Global GAP, or other relevant third-party certification, to reduce the burden on individual h/v enterprises.

Forecast growth of the horticulture/viticulture industries

Over the next decade, continued growth of the h/v industries is forecast in both production and area planted across all main crops – kiwifruit, grapes and apples – requiring greater numbers of seasonal and permanent staff.\textsuperscript{15} This is driven not only by growing export demand, but also by Horticulture New Zealand’s domestic push to achieve diversification of land away from sheep, beef and dairy into horticulture to help meet the Government’s strategy to reduce greenhouse gas emissions by 30 percent below 2005 levels by 2030.

Recruiting and retaining skilled New Zealand workers has become a more explicit priority, evidenced by the Immigration Minister’s first challenge to industry in 2018 to do more to employ New Zealanders. Industry has responded with a concerted effort to make the h/v sectors more attractive to local workers, particularly through opportunities for training, career development and progression.\textsuperscript{16} Workforce planning and development will take on even greater importance post-COVID-19 when there is likely to be greater numbers of New Zealanders available for horticultural

\textsuperscript{11} Retrieved https://www.stuff.co.nz/business/9559998/the-apple-and-pear-industry-went-pipsqueaky-clean-on-labour-exploitation-and-others-are-following


\textsuperscript{14} The pipfruit industry, which is dominated by a small number of large producers, is fully Global GAP and GRASP accredited. Zespri’s kiwifruit producers (numbering approx. 930) are Global GAP accredited and NZKGI is moving to third-party audits of labour contractors used by its producers. The wine industry is not Global GAP accredited. Instead, the sector has Sustainable Winegrowing NZ as a certification scheme to reassure consumers of safe and ethical production practices.


work – it provides an opportunity for industry organisations to ‘capture’ local workers who can be trained for full-time, skilled roles needed to support the h/v industries’ forecast growth.

Findings from the New Zealand stream indicate there is some concern among community informants and RSE employers that expansion of the h/v industries is taking place with relatively few constraints. **Not enough consideration is being given to future labour needs and the pressures that growing numbers of workers will place on local infrastructure (e.g. roads, wastewater) and services (e.g. medical services).** For large RSE employers, the ability to provide their own seasonal worker accommodation has become a key criterion in the awarding of increased RSE worker numbers to reduce pressure on local rental markets. Nonetheless, without more conscious planning around the feasibility of hectares planted, volumes produced and the labour that will be required to service that growth, there is a risk RSE employers and the wider h/v industries become increasingly reliant on the RSE scheme to meet their labour needs. As the current COVID-19 pandemic demonstrates, rapidly changing economic circumstances, whether domestically or overseas, mean the RSE scheme is not a guaranteed supply of labour. The h/v industries cannot assume RSE numbers will continue to grow year-on-year. A more strategic approach to the use of RSE workers, and how they are allocated across employers and crops, is needed in future. For example:

- The strategic use of RSE labour is part of a larger challenge for the h/v industry, namely, that future industry growth needs to be sustainable in terms of crops and labour i.e. crops like kiwifruit and avocados that require lots of water should not be expanding in areas like Northland and Te Puke that face shortages of water, and in Te Puke’s case, shortages of accommodation and labour.
- RSE workers should be used where their labour and skills are most needed. For example, those industries that can use automated technologies should be encouraged to do so, freeing up RSE workers for those that are very labour intensive (e.g. cherries).
- Restrictions on moving workers between regions on joint ATRS could be removed, especially in the case of workers working for the same employer. This will help streamline the use of labour across regions and enable employers to share workers more easily.
- The range of tasks RSE workers can do in the packhouse, on the orchard and in the vegetable industry could be reviewed, especially tasks involving use of machinery (fork lifts, etc) that are currently not supposed to be done by RSE workers.

**Automation**

Research and development (R&D) into mechanisation of the h/v industries is an on-going process with many of the larger corporates investing in automation and adopting new planting systems with future automation in mind. There are a range of automated picking, packing and pruning technologies already available or in the pipeline, but industry anticipates any real impacts of increased automation on employment in the horticulture industries especially are still 5-10 years away due in large part to the costs involved. Moreover, automation will not necessarily replace people, rather a different type of (more skilled) worker will be needed in future to work in mechanised environments. Further

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18 MBIE advises that this is being addressed in the RSE Policy Review.
investment in R&D is needed to support those sectors that can automate, in turn freeing up seasonal and permanent workers for more labour-intensive industries (e.g. cherries).

**Participating Pacific Island countries**

**Increasing labour mobility opportunities**

In the immediate future, LM and associated remittance flows will be an important strategy to support PIC economies with limited domestic industry to recover from the anticipated global recession associated with COVID-19. While recognising that New Zealand and Australia might follow different trajectories of post-COVID-19 recovery, it is envisaged both countries will continue to support PIC LM as part of their regional development assistance in the Pacific region and foreign policy objectives.

In the longer-term, temporary LM is likely to be deemed an adaptive strategy to mitigate climate change impacts in PICs where their environments become less able to provide land, livelihood and habitat security. Remittances from LM diversify household incomes and can provide a ‘safety net’ to meet basic needs when resource-based livelihoods are less productive e.g. due to extreme weather events such as Cyclone Harold which hit the Solomon Islands, Vanuatu, Fiji and Tonga in April 2020, or longer-term climate trends.

When RSE was introduced in 2007, it was the only significant offshore seasonal work opportunity available to PICs. In recent years, Australia’s LM schemes have expanded opportunities for Pacific LM workers. The three countries that dominate RSE in terms of labour supply – Vanuatu, Tonga and Samoa – are also major providers of labour to Australia under SWP. In Tonga and Vanuatu, some families have members absent under both seasonal work schemes to optimise the financial gains from year-round seasonal work in New Zealand and Australia.

By December 2019, 691 PLS workers had been mobilised, with Samoa (21%), Kiribati (17%) and Fiji (17%) accounting for more than half of PLS workers. For Fiji and Kiribati, in particular – two countries that have had relatively low levels of participation in RSE and have high demand from their citizens for offshore work - are increasingly looking to Australia for opportunities. As shown in the Pacific stream report, in Tonga and Vanuatu - two of the main suppliers of seasonal labour to New Zealand and Australia - some villages are losing between a third and half of their male labour force aged 20-49 years for between six and nine months a year to overseas employers. This has significant implications for village agricultural production and other economic and communal activities where a shortage of productive male workers may lead to declines in production and, over time, a move away from reliance on local economic activity for livelihoods to increasing dependence on incomes earned overseas for family wellbeing. The RSE, SWP and PLS are all temporary labour migration schemes – the visas associated with these schemes prevent workers from establishing permanent

20 Campbell, J. & Warrick, O. (2014). Climate change and migration issues in the Pacific. Report for UN Economic and Social Commissions for Asia and the Pacific (ESCAP) as part of the Pacific Climate Change and Migration Project. Suva: UN ESCAP Pacific Office.
22 Pacific stream report, pp.34-36.
futures in New Zealand or Australia. Rather, workers must maintain and advance their own and their families’ livelihoods and wellbeing in their home community.

This is the context within which Pacific governments must manage labour mobility opportunities for their citizens. The challenge for governments is to balance the economic benefits of labour mobility for families, with the potential difficulties for rural communities managing the absence of productive members. Most importantly, the supply of labour from rural communities must be managed in ways that do not constrain sustainable development of resources and the long-term wellbeing of residents.

Potential impacts of COVID-19

The COVID-19 global pandemic is what is known as a ‘Black Swan’ event – a rare, unexpected and unwelcome event with severe consequences. The New Zealand Government responded swiftly to the complex and rapidly changing environment caused by COVID-19 by closing the country’s border and putting all but essential services into ‘lockdown’ in an attempt to slow the spread of the disease. Most Pacific countries, including Tonga, Samoa, Vanuatu and Fiji, have also closed their borders (some even to their own nationals) and suspended international flights to prevent the spread of COVID-19.

Uncertainty remains as to when New Zealand and PICs will re-open their borders to enable their citizens to move between countries. For the 9,700 RSE workers who are in the country (as at March 2020), if current travel bans remain in force, the concern will be finding work for them over the winter months, once the peak pipfruit and kiwifruit harvests are over. This may create challenges for RSE employers who are also trying to employ as many New Zealanders as they can to support those who have found themselves out of work due to COVID-19. To support RSE employers and workers, INZ is allowing greater flexibility to shift workers between employers, tasks and regions to ensure they stay in work.

In the immediate term, COVID-19 is altering the structure of the domestic h/v labour force, particularly for the kiwifruit harvest which is currently underway. In April 2020 New Zealand Kiwifruit Growers (NZKGI) reported that some kiwifruit businesses now have New Zealanders comprising 90 percent of their seasonal workforce, up from 50 percent in 2019. RSE employers will almost certainly be required to employ more New Zealanders whose jobs have been disestablished as a result of the pandemic. This will also be driven by on-going management of entry of temporary workers until there is a vaccine for COVID-19.

How will this impact on the 2020/21 season? Will there be a reduction in the numbers of RSE workers recruited for the 2020/21 season in light of the availability of local labour? As noted above, COVID-19

23 The concept of a Black Swan event was introduced by Nassim Taleb in his book of the same name in 2007, ‘The Black Swan, the Impact of the Highly Improbable’ https://www.penguin.co.uk/books/56380/the-black-swan/. Taleb defines a Black Swan as having three characteristics: rarity, extreme impact and retrospective predictability (i.e. an event that is made to seem predictable by explanations afterwards). The name comes from the Northern hemisphere conclusion that swans were only white, until exploration of Australia revealed the existence of Black Swans.
presents an opportunity for industry to engage in further workforce planning and development to attract more New Zealanders into the industry longer-term.

The longer-term trade impacts of COVID-19 for the h/v industries are unknown. However, the Ministry of Primary Industries reports significant disruptions for exporters trying to get their goods to offshore markets, and negative flow-on effects to the domestic economy. While there are no formal restrictions on market access for the majority of goods exports and imports, the global pandemic is placing pressure on global supply chains and disrupting international trade flows.\footnote{Retrieved https://www.mpi.govt.nz/protection-and-response/coronavirus/coronavirus-and-the-effects-on-trade/} It is feasible that there could be a complete restructuring of the global airline industry following the pandemic. Whether this restructuring occurs or not, the h/v industries will, in all likelihood, face increased transport costs to get goods to overseas markets. How will this impact on the profitability of their businesses? Will there be the same demand for New Zealand horticultural products following COVID-19 and the associated global economic downturn? Changes to the airline industry as a result of the pandemic may result in fewer, more expensive flights between Pacific countries and New Zealand, increasing the cost of participation for workers and employers.

While the COVID-19 pandemic creates challenges and uncertainties, the current closure of international borders presents an opportunity for all RSE stakeholders – MBIE, MFAT, PIC governments, industry, RSE employers, RSE workers and their families – to take stock, reflect on their engagement in RSE and consider what a ‘preferable’ future looks like. In New Zealand, it is an opportune time for MBIE and industry to reinvest in the solid industry-government partnership that has formed the backbone of RSE over the past 13 years, and to work collaboratively to determine the future of RSE. This includes assessing how COVID-19 has changed the current h/v landscape and labour needs, how best to tackle some of the ongoing challenges with the RSE scheme, and how to make more strategic use of RSE labour in future to support sustainable industry expansion.
Shaping RSE for the future: strategic risks and suggested responses

A synthesis of findings from the New Zealand and Pacific reports highlights three strategic risk areas for the RSE scheme, listed below, that have relevance for both the New Zealand and Pacific-ends of the RSE system. Regardless of the size and shape of the scheme post-COVID-19, these risk areas require attention by MBIE and MFAT.

1. RSE worker wellbeing and financial returns require greater focus.
2. Unequal distribution of RSE benefits must be addressed – between RSE employers and workers; men and women; across PICs; and within individual PICs.
3. Potential negative impacts for Pacific families and communities from labour mobility must be mitigated.

We first describe each risk area and then suggest one or more possible responses to address it. Some of the suggested responses will require changes to existing Immigration and RSE policy settings. We propose that some (or all) of these suggested responses, or an appropriate alternative, form the foundation for enhancements to the RSE scheme for its next five-ten years of operation.

At the end of each risk area, we offer possible courses of action for consideration by Pacific officials. This is in line with the Pacific Reset principle that New Zealand has a partnership relationship with Pacific Governments (rather than a donor relationship), and PICs have the right to self-regulate and participate in migration opportunities according to national and individual priorities.26

Our suggestions for PICs are generic in nature and do not address PIC-specific issues associated with individual governments’ management of and participation in LM. They are presented in a blue-shaded box to differentiate the text from our more substantive suggestions for MBIE, MFAT and RSE employers.

Risk area one: RSE worker wellbeing and financial returns

As noted above, the RSE scheme is under the constant scrutiny of international markets with far reaching consequences for export earnings if RSE employers (or their labour contractors) are seen to be using (knowingly or unknowingly) poor or mediocre employment practices.27 28 We argue that RSE cannot be a scheme that only provides the legal minimum to RSE workers, that is, paying minimum wage rates to skilled and experienced workers, and providing the lowest possible standard of accommodation. Rather, MBIE and MFAT, together with the h/v industries must aspire to, and actively work towards operating a best practice seasonal migration scheme for its Pacific partner countries.


28 A case was recently reported where a vineyard used contract Pacific workers believing they were RSE workers as per its contractual requirement with the labour hire contractor. The workers were on visitor visas and were not paid by the contractor. Retrieved https://www.stuff.co.nz/business/113107808/30000-in-penalties-after-workers-at-popular-vineyard-missed-out-on-wages
From its inception, the scheme’s predominant focus has been on industry and RSE employers – their labour needs, experiences of RSE worker productivity, views on how the scheme is operating, and the difference RSE labour is making for RSE businesses. Hao’uli (2013, p.209) captures this focus well when she stated:

... the way the scheme has evolved suggests that not only is development in the Pacific a secondary aim, but that any development initiatives will be instrumental to industry and RSE needs. Not only do the interests of the horticulture and viticulture industries take priority, they also seem to take precedence in initiatives that are ostensibly meant to benefit Pacific states and RSE workers.

This attention on industry is evident in the annual RSE employer survey and conference, and ongoing consultations with industry over the 13 years of the scheme’s operation.

In contrast, little, if any, attention has been paid to RSE workers’ experiences of working and living in New Zealand, and their views on the scheme’s success for them and their families (other than worker success case studies developed for publicity purposes). MBIE and MFAT have relied on worker intermediaries – RSE Relationship Managers, Pacific Liaison Officers, LSU staff, and other Pacific government officials – to provide a second-hand account of worker experiences and perspectives. Reliance on these third-party sources is potentially problematic for MBIE given that Pacific governments want to ensure their country is viewed in the best possible light by New Zealand officials and RSE employers.

The lack of attention to workers’ experiences and viewpoints is a potential risk for the scheme’s reputation in future given the scrutiny of international customers on socially sustainable employment practices throughout their supply chains. A best practice scheme will require a change in focus from one where the predominant focus is on the employer, to one where equal attention is given to employers and workers.

Suggested responses to increasing the focus on workers

Three worker-facing responses are suggested to foster a best practice RSE scheme in respect of worker wellbeing:

- Recalibration of worker conditions.
- Workers have greater “voice” to express concerns and exercise their rights.
- Multi-entry visa for RSE workers introduced.

Recalibration of worker conditions

The New Zealand and Pacific stream findings demonstrate the need for a recalibration of worker conditions, summarised as follows.

- **Earnings:** Findings from the Pacific stream demonstrate that RSE workers and their families greatly value the work opportunity in New Zealand. However, as return workers make repeated trips to New Zealand, some are starting to question the financial returns on their labour, despite their efforts and experience. The relatively low movement of RSE pay rates

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over the 13 years of the scheme, and the increasing cost of worker accommodation and other employer deductions, raises questions about the extent to which workers and their families are keeping up financially from regular RSE participation.\textsuperscript{30} Workers’ wage rates, deductions and participation costs should be monitored annually to ensure workers are not experiencing diminishing returns.

- **Recognition**: Return workers’ skills and experience are recognised financially (rather than being paid the same rate as first year workers). It is acknowledged that this may require a change to RSE policy.

- **Costs**: Accommodation costs reflect the standard of accommodation and facilities provided. Transport costs reflect the distances travelled to and from work.

- **Wi-Fi**: Workers have access to free Wi-Fi in all accommodation settings as well as affordable mobile data so they can stay connected with family and community members at home.

- **Pastoral care**: provides for workers’ cultural, social and spiritual wellbeing. Workers are better supported to access local community services e.g. swimming pools, libraries.

- **Team leaders**: are financially rewarded for the work they perform both on and off the work site, often in a wide range of roles which may include recruiter, supervisor, pastoral carer, worker advocate and negotiator. It is acknowledged that this may require a change to RSE policy.

**Workers have greater “voice” to express concerns and exercise their rights**

The New Zealand and Pacific stream findings have identified structural, cultural and perceptual barriers for workers to raise issues about their employment, accommodation or pastoral care arrangements.\textsuperscript{31} Workers are more likely to share their concerns with people whom they trust such as church ministers, pastoral care providers and Vakameasina tutors, but are likely to be hesitant about these people taking action on their behalf. Workers are not likely to be members of, or to consult unions.\textsuperscript{32} Workers are reluctant and even fearful that raising issues of concern will result in them being labelled ‘troublemakers’ and not being re-employed the following season.

Supporting the RSE workforce to give voice to their concerns is highly problematic. For workers to be comfortable about sharing issues, it is essential that comments cannot be traced back to individuals. Two mechanisms are suggested to increase the voice of the RSE workforce, both of which involve the Vakameasina provider (or a private company) as an independent third party.

The first approach aims to improve workers’ understanding of their employment rights. It is suggested that either the Labour Inspectorate or the Vakameasina provider (contracted by MFAT) delivers a workshop about employment rights to all new worker groups (including information about third parties that can be contacted for confidential, free advice e.g. Community Law Centres and union representatives). MBIE requires RSE employers to ensure this workshop is delivered to all new worker groups.

\textsuperscript{30} RSE Worker Insights report, pp.6-8.

\textsuperscript{31} NZ stream report pp.54-58; Pacific stream report pp. 51 & 120.

\textsuperscript{32} Union concerns about RSE employment conditions arising from regional staff’s interaction with workers and RSEs are described in the NZ stream report, pp.54.
The second approach aims to provide a mechanism for workers to express concerns anonymously. The Vakameasina provider (or an HR/training company) is contracted to offer face-to-face exit workshops to groups of departing workers who wish to participate. Workers will be informed that their participation is anonymous, the report of the workshop will go straight to MBIE and will not be shared formally or informally with the employer. The exit workshop would be based on an agreed set of topics/questions. At its completion, the contractor would write up the exit interview as per an agreed format and submit it electronically to MBIE. The exit reports would be collated and analysed at the end of each season.

Any substantive issues of concern regarding individual employers identified in the reports could be passed onto the RSE Relationship Managers or the Labour Inspectorate for follow-up. An annual report summarising the responses from RSE worker exit workshops could be produced and released at the same time as the employer report. This report would provide MBIE, MFAT and industry with regular feedback on RSE workers’ experiences each season. It is acknowledged that a limitation of this suggested approach is that it provides retrospective rather than real-time information that could be followed up immediately.

Multi-entry visa for RSE workers

The current policy for an RSE Limited Visa for an “express purpose” (in this case to work for an RSE employer) restricts Pacific workers to entering New Zealand once and staying for up to 7 months in any 11 month period, except for Tuvalu and Kiribati who can stay an extra two months. Workers cannot apply for any other kind of visa while in New Zealand, must leave New Zealand before their visa expires and cannot include their partner or dependent children in their visa application. The NZ and Pacific stream findings show that these visa conditions have costly and unnecessary impacts on both RSE workers and employers. In particular, the visa makes returning home for important family events such as a family funeral very problematic for workers. It involves the worker submitting a new visa application to return to New Zealand which is a lengthy process involving additional cost.

A less restrictive approach could be applied to the RSE scheme, without jeopardising the need to ensure circular migration through a limited visa, or to risk workers becoming unlawful. Within current immigration policy settings, RSE workers could be granted a multi-entry visa during a given season (allowing for a maximum period of work of up to seven-nine months), enabling them to return home for family emergencies and reducing some of the associated travel costs.

If, in the future, MBIE and industry adopt an incentive and recognition system for RSE employers which includes granting multi-year Agreements to Recruit (ATRs) (see p.27), an RSE multiple-year limited visa could also be considered. It is acknowledged that this would require a change to existing immigration policy. The multi-year, multi-entry visa could be effective for a period of (say) three years, conditional on employment being offered for successive seasons, and on RSE employers meeting New Zealander

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33 Some RSEs are exploring options (e.g. the use of a private survey company) to gather feedback from their RSE workers on their employment and living experiences in New Zealand. While this may be useful, we think face to face interactions with workers will be more effective in identifying their issues of concern. We also note that MBIE is developing the use of social media to disseminate information to RSE workers on their employment rights and other areas of worker interest or concern. The use of social media to provide seasonal workers with information is also increasingly common in Australia.
First requirements. The period of each stay would be set according to the duration of the ATR for single or joint RSEs. The incentive for the worker to return home would be maintained as they cannot apply in New Zealand for another visa. This more flexible visa would have benefits for RSE participants and stakeholders as summarised in Table 1.

An option to manage risks of visa non-compliance could be to issue an initial RSE limited visa for the first year of a worker’s employment, and an RSE multiple-year limited visa for the second year onwards if the worker proves their suitability in the first year on the initial limited visa.

### Table 1 Benefits of a RSE multiple limited visa

<table>
<thead>
<tr>
<th>RSE participant/stakeholder</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSE workers</td>
<td>Workers will have a once-in-three-years’ application process rather than annually, thereby reducing cost, time, and effort. Conditional on employment being offered for successive seasons, workers would be able to plan and budget for the three years. Workers will be less reliant on relatives when staying in the main PIC towns awaiting screening, interview, medicals, pre-departure and annual immigration procedures. Workers will be able to visit home for a self-funded short stay e.g. during work downtimes; to attend the funeral of family member and other family emergencies (with the approval of their RSE employer); to mitigate negative impacts on children and spouses.</td>
</tr>
<tr>
<td>RSE employers</td>
<td>Greater certainty for RSE labour supply over a longer period. Employers will still have to confirm each year that they want the worker to return for a subsequent season.</td>
</tr>
<tr>
<td>LSUs</td>
<td>Reduced pressures on INZ and LSUs from two major waves of applications and mobilisations in October and February.</td>
</tr>
</tbody>
</table>

### For consideration by PICs

The study findings about the need for more attention to be given to worker wellbeing provides PIC governments, individually and collectively, with the opportunity to clearly articulate and be more assertive about their expectations of RSE employers with regards to the wellbeing of their citizens while working and living in New Zealand. PIC government expectations of RSE employers could include:

- Pastoral care workers are from the same PIC as the workers for whom they are responsible.
- RSE employers/pastoral carers are required to demonstrate how the cultural and spiritual needs of their workers are being met.
- Workers are assisted to save a portion of their earnings for superannuation.
- Return workers are paid more than first year workers.
- Team leaders are rewarded financially for the roles and responsibilities they undertake.
- Workers have access to free Wi-Fi in all accommodation settings as well as affordable mobile data.

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34 A new contract would be signed for each period of employment, to avoid workers being locked into the same pay rates for three years.
Risk area two: Unequal distribution of RSE benefits

The NZ and PIC stream findings highlight the unequal distribution of RSE benefits within and between different stakeholder groups, as summarised below.

Between RSE employers and RSE workers
RSE employers and the h/v industries are the clear ‘winners’ from the RSE scheme, with widespread investment, expansion and the shift towards year-round production off the back of the productivity gains of a reliable source of seasonal labour. This has flow-on effects for New Zealand workers who remain the priority for h/v workforce investment and development.

RSE workers benefit financially from participation in the scheme, but there are trade-offs between the financial gains and social costs for participating households as family members cope with the absence of their RSE workers. For RSE households to benefit from participation in the scheme, the financial gains need to outweigh these social costs. Ideally, as RSE workers gain additional experience in New Zealand over successive seasons, the amounts of money they are able to save and return home with will continue to rise. At the very least, the financial returns on their labour should not be diminishing year on year.

Among participating PICs
As shown in the Pacific report, despite initial policy measures to encourage a ‘level playing field’ for PICs to participate in RSE, there are unequal opportunities among the nine participating PICs to gain RSE employment.35 The scheme continues to be dominated by three early-entry PICs – Vanuatu (46% of all Pacific worker arrivals in 2018/19), Samoa (21%), and Tonga (18%). Taken together, these three PICs accounted for 85 percent of all Pacific RSE worker arrivals in 2018/19. The remaining 15 percent of Pacific RSE worker arrivals came from the six remaining PICs – Kiribati and Tuvalu (early-entry PICs), Solomon Islands and PNG (later-entry), and Fiji and Nauru (most recent entry).

New RSEs are following established employers in terms of their recruitment preferences unless there is some encouragement from MBIE to recruit from other countries (this is not established policy but has been practised in the past). Annual increases in the RSE cap have seen the majority of new places taken up by workers from Vanuatu, Samoa and Tonga. Small PICs (e.g. Kiribati, Tuvalu) continue to struggle to gain traction in the scheme, and more recent participants like PNG, Solomon Islands and Fiji are experiencing slow growth in numbers. As noted above, countries such as Fiji and Kiribati are increasingly looking to Australia for employment opportunities.

All participating PICs want to increase their access to overseas employment opportunities. PIC governments have no interest in trying to share seasonal work opportunities more equitably with other countries. This was something the former Pacific Islands Labour Sending (PAILS) Conference tried to address with reference to a wider Pacific regional labour migration strategy but PICs were not interested. Any initiatives to support the smaller PICs and newer RSE entrants to gain a greater share of RSE work opportunities in New Zealand will have to be driven by MBIE and MFAT in association with RSE employers. This issue could be discussed at future Pacific Labour Mobility Annual Meetings (PLMAM) established under the Labour Mobility Arrangement.

Within a participating PIC

Within those PICs able to access RSE employment opportunities, there is unequal access across islands and communities with some villages having large numbers of RSE workers absent each season and others with relatively few or no RSE workers. In Vanuatu, evidence of such inequalities can be seen in the built environment where there are clear contrasts between the permanent materials houses built by RSE workers, and the more traditional thatched houses that are commonly lived in by those based in rural settings.

Findings from the Pacific stream demonstrate the highly variable nature of social and economic impacts of RSE on participating communities depending on the numbers participating each season, the household and community structures in place to manage the absence of seasonal workers, and the opportunities for income-generating activities at home. Community informants reported widening inequalities between participating and non-participating households and communities, although there is evidence of some redistribution of RSE income mainly to support the education of extended family members.

In Vanuatu, Tonga and Samoa, employer-led recruitment is the primary means of sourcing RSE workers. Limited use is made of work-ready pools (where these still exist) which limits opportunities for LSUs to distribute work opportunities more equitably across islands and communities. It is increasingly common for return workers and team leaders to act as unofficial recruitment agents and to select new recruits for their RSE employer(s). This tends to result in the RSE employment opportunity staying within the extended family or village group, rather than spreading opportunities to non-participating households in other areas.

For PIC males and females seeking seasonal work

Over the past five years (2014/15-2018/19) the number of Pacific women arriving on RSE visas has stayed roughly the same at approximately 1,000 women. As a percentage, however, women’s rate of participation has dropped as the total number of Pacific RSE arrivals has gone up. In 2018/19 women accounted for 9.8 percent of RSE worker arrivals compared with 13.5 percent in 2014/15. As discussed in the Pacific report there are barriers to women’s participation in seasonal work at both the New Zealand and PIC-ends. In New Zealand, the nature of seasonal work and the types of jobs that are permitted under the RSE policy mean RSE employers tend to favour men. The New Zealander first policy and reservation of most packhouse jobs for locals, coupled with a common stereotype of work in the field being better suited to men rather than women, has made it harder to achieve higher participation rates for women. At the PIC-end, cultural constraints regarding appropriate roles for women impact on the availability of seasonal work opportunities for women.

There are some RSE employers who have been role models in extending the scope of work for women, for instance by taking them on for specialised tasks (e.g. grafting different varieties onto rootstock), or employing women across a range of crops (e.g. citrus, berries, ground cover crops) to ascertain

36 Pacific stream report, pp.59-60.
37 An RSE that runs a fruit tree nursery employs women for summer work nurturing the rootstock, which includes grafting. The work requires very good hand-eye coordination and attention to detail, as well as good dexterity. In the employers’ view, women are better suited to this work than men.
which types of work are best suited to women. There may be lessons that can be learned from these RSEs to help broaden employment opportunities for women with other employers.

**Suggested response: New, more equitable, approaches to worker recruitment**

Over the 13 years of the RSE scheme’s operation, recruitment has largely been employer-led. MBIE has generally taken a ‘hands off’ approach regarding where and how employers choose to recruit workers, apart from ensuring employers comply with the requirements of labour sending countries. As noted above, this has led to significant disparities in access to RSE employment opportunities across the participating countries, as well as within some PICs. **Industry, PICs and MBIE need to decide whether these disparities should continue to be an outcome of current recruitment practice, or whether new approaches need to be adopted in the context of ensuring the RSE scheme delivers more equitable outcomes for all key stakeholders.** It is acknowledged that it may be difficult for the Government to regulate worker recruitment via changes to RSE policy as this is contrary to New Zealand’s foreign policy objectives for the Pacific.

While not under-estimating the potential negative impacts of the COVID-19 pandemic for the h/v industries, the current closure of New Zealand’s and PIC borders provides the perfect opportunity/circuit breaker to enable MBIE, industry and PICs to re-evaluate some aspects of the employer-led approach to RSE recruitment. For MBIE, RSE numbers may well be re-evaluated in the wider context of other immigration flows and changing dynamics of the domestic labour market. **For PICs, this is their opportunity to reconsider** whether they want to continue freely providing seasonal labour (and as many workers as possible) to New Zealand (and Australia), or **whether they should have more involvement in determining the overall numbers of workers.** It also allows PIC governments to be more directive with RSE employers about the communities workers are sourced from, to ensure employment opportunities are spread more evenly among their citizens.

There are a number of potential mechanisms to address how employment opportunities can be spread more equitably among PICs, and within a PIC (listed below). These mechanisms would also help to mitigate against the negative impacts on village life from the regular withdrawal of productive labour from the community. In addition, they would help to address the risk for seasonal worker households becoming reliant on the income earned overseas, setting up dependence on a repetitive pattern of worker absence for significant periods each year.

The suggested mechanisms are as follows. It is acknowledged that some of these mechanisms will not be popular with certain stakeholder groups.

**MBIE/RSE policy:**

- Large RSE employers (300+ RSE workers) that regularly secure increases in worker numbers of more than a specified minimum of workers each year (say 20) are required to recruit at least half of their new recruits from PICs other than Vanuatu, Tonga and Samoa.\(^{38}\)

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\(^{38}\) There were 149 RSE employers in 2018/19. Ten (6.7%) of them employed 300 or more workers and accounted for 5,691 (45.2%) of the total number of 12,581 Pacific and Asian RSE workers.
In allocating new places in the scheme that arise with approved increases in the cap, priority is given to employment opportunities for women and for workers from countries with low participation rates.

The types of roles available to women RSE workers are opened up to provide a wider range of employment opportunities. This would require a change to RSE policy.

A new incentive and recognition system is implemented for RSE employers to reward those employers who are ‘best practice’ and encourage others to improve their employment practices. Employers are awarded a different status (gold, silver, bronze) based on a range of criteria, including their current recruitment practices. Employers who are making a concerted effort to recruit from countries other than the ‘Big 3’, and to recruit women, attain a high score on that criterion. If an RSE employer scores highly across the different criteria they are granted ‘gold status’ which qualifies them for new RSE worker numbers if requested, and a multi-year ATR.

**RSE employers:**

- RSE employers and recruitment agents have a responsibility to understand the risks associated with depleting productive labour from villages and to modify their current recruitment practices accordingly. **Socially responsible recruitment involves recruiting in consultation with community leaders to ensure the withdrawal of labour is considered alongside community needs, balancing the numbers of return and new workers, and making RSE jobs available to PICs and villages that have not yet had such opportunities.**

Whatever approaches to worker recruitment are considered by MBIE, they will need to be examined in consultation with industry and PICs. It is also acknowledged that there are barriers to more equitable recruitment approaches. These include:

- PICs do not want to share scarce employment opportunities – they want to retain their market share.
- There is limited LSU capacity in some PICs. Employers report they have tried recruiting from PICs other than the ‘Big 3’ but face challenges with LSU capacity, administrative costs and delays in recruitment. Such feedback demonstrates that source countries play an important role in attracting RSE employers by having efficient LSU processes. PIC governments need to ensure their LM system can deliver and be competitive with other PICs.
- RSEs prefer to recruit from ‘known’ sources and have established long-term connections with some workers/communities.
- There are greater costs for employers to recruit from some countries.

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39 Industry leaders are considering a recognition system for RSE employers as part of the thinking around RSE worker allocations under the annual cap. The range of criteria against which an employer would be assessed include: training and employment of New Zealanders, wage rates, deductions, accommodation standards, RSE recruitment practices, and growth projections (ha planted). RSE employer’s individual ratings would be considered alongside regional factors including the local unemployment rate, regional growth projections, availability of housing and other infrastructure to cater for more workers. The rating system would need to be flexible enough to differentiate between large and small RSE employers, their different workforce needs and recruitment practices.
• The role of formal or informal recruitment agents in the recruitment process means jobs tend to stay within the extended family/community group, rather than spreading opportunities more widely.

• Small RSEs often establish strong connections with the workers and communities they recruit from and these relationships (and the associated cohesive group of workers) are fundamental to the success of RSE for small h/v enterprises. Any measures that are implemented to spread opportunities more widely will need to acknowledge the significant disparities between large RSEs recruiting 300+ workers, and those employing small numbers (e.g. fewer than 50 workers) each season, to make certain small RSEs are not negatively impacted.

For consideration by PICs

The challenge for those PICs with large numbers of RSE, SWP and PLS workers is to ensure some form of equitable distribution of seasonal work opportunities and income across communities. This requires active management of LM policy settings within the larger strategic context of national employment and workforce planning.

In relation to participation in RSE, these PICs may wish to consider the following options aimed at creating more equitable access to work opportunities.

• The PIC government becomes more directive with RSE employers and labour recruiters about:
  o the communities from which they can recruit, targeting villages that do not have seasonal workers; and/or
  o specifying the percentages of return workers and new workers that can be recruited by larger RSEs.

• A limit is placed on the number of seasons a worker can return to New Zealand to work, and/or a stand-down period is introduced which takes effect after a specified number of years of RSE participation.

• In some PICs as appropriate, a greater role is given to village and district leaders in identifying suitable workers whose absence will not harm the wellbeing of the community.

• An in-country quota system is introduced to spread LM work opportunities among islands and communities (as is the case in Kiribati).

• An approval process for inter-generational transfers of employment opportunities within families is introduced. This would allow for wider redistribution of work opportunities as people from individual families leave the RSE workforce. Their children would not automatically have the right to take their parent’s place.

• Strategies are adopted to prevent workers and their families from becoming reliant on RSE (and other LM) income year-on-year, thereby limiting work opportunities for new entrants. For example, existing workers and their families are required to produce a LM plan describing what they will use the income for over a specified maximum number of seasons. There is an opportunity to link workers’ LM plans to proposed reintegration services i.e. workers identify in their LM plans any proposed income-generating activities at home for which they will use their RSE income, and workers can be linked to small business training and other services to help them get their plans off the ground. This also connects with our proposal for in-country assistance (described in risk area three).
Risk area three: Potential negative impacts for Pacific families and communities from labour mobility

The scheme’s development aim - to contribute to the development objectives in the Pacific by fostering economic growth and regional integration - does not sit easily alongside its other policy aim, namely, to provide a sustainable supply of Pacific workers for h/v industries. From the outset, the scheme has had a NZ-centric perspective of worker supply. RSE employers want return, skilled workers because they are the most productive, and/or may recruit from specific communities where they have developed relationships, or recruit from the most convenient locations (near main centres) to minimise recruitment costs. Combined, these practices in combination with a range of other factors can have negative impacts on the long-term economic and social resilience of particular Pacific rural communities.

Sustainability of worker supply is not only an imperative for RSE employers - it is also important for families and communities in the islands. From a PIC perspective, achieving greater equity of opportunities and the associated development benefits requires spreading RSE jobs as widely as possible across islands and rural communities, and ensuring labour supply from those communities does not compromise the sustainability of families who are required by the terms of the RSE work visa to live permanently in their island homes. **Ensuring there are sufficient human resources in workers’ home communities for food production, care of family members, community wellbeing, and paid and unpaid employment is a fundamental aspect of delivering on the development outcomes of RSE and thus minimising harm to Pacific families and communities.**

While acknowledging the uncertainties that COVID-19 creates for the h/v industries and domestic labour force, the sustainability of worker supply for Pacific communities assumes greater importance given the h/v industries’ forecasted expansion trajectories, plus the growing demand from SWP and PLS employers for Pacific workers. Worker supply is particularly problematic for those PICs providing large numbers of workers offshore for LM schemes and other migration flows (SQ/PAC and skilled workers). Taking a Pacific-wide perspective, it is crucial that in 10-20 years’ time RSE (and SWP and PLS) employers are not seen to have ‘stripped’ Pacific countries of the human resources needed for families and communities to maintain a sustainable life back in the islands. Doing so would undermine two of the Pacific Reset’s five principles of engagement with PICs, namely, mutual benefits for New Zealand and PIC governments, and resilient families and communities in the Pacific Islands.

The conflicting policy aims need to be delicately balanced to mitigate the risk of the scheme contributing to negative impacts in the sending country. **For the RSE scheme to be known as a best practice labour mobility scheme, there needs to be more active management of this balancing of policy aims by the New Zealand Government as the receiving country.** The rest of this section suggests ways in which this can be done. Our suggestions are aimed at MBIE and MFAT, rather than RSE employers.

Keeping the development goal at the forefront of RSE employers’ minds will be challenging in the post-COVID-19 world where industry will be focussed on the negative impacts of the pandemic (e.g. disruption to international markets and higher transport costs) and individual employers will be concerned about profit margins. There is also the issue of the make-up of the current RSE employer cohort - just over forty percent of the 149 RSE employers (at March 2020) have effectively been involved in the scheme since the outset. Another (almost) 40 percent of employers are newcomers.
who do not share this history. There is a question about the extent to which the newer employers understand and ‘buy into’ the development aim as was, and continues to be, the case with many of the early employers.

**Suggested responses to minimise negative impacts of LM on families and communities**

Four responses are suggested to minimise potential negative impacts of RSE on workers’ families and communities:

- Give greater prominence to the role of the worker’s family in RSE.
- Refocus Toso Vaka o Manū funding.
- Get greater development value out of Vakameasina funding.
- Develop synergies with NZ Aid investments and PLF.

**Give greater prominence to the role of worker’s family in RSE**

The Pacific stream findings demonstrate that participation in seasonal work involves more people than the worker who works in New Zealand or Australia. ‘Behind’ each worker is a spouse (if they are married) or partner, children, parents, in-laws, extended family members and those living in the same village/community, all of whom may be affected directly or indirectly in their daily lives by the worker’s absence. They assume additional responsibilities in the worker’s absence – for childcare, elder care, food production, and village responsibilities. They are the less visible and less frequently acknowledged participants in seasonal work.

When the RSE Inter-Agency Understanding (IAU) between the New Zealand and individual Pacific Governments was developed at the start of the scheme, the focus was on the worker. As a result the IAU refers only to workers without recognising their families who, as the findings demonstrate, are active participants in ensuring circular migration for seasonal work is a viable and rewarding option for their family member. There is a need for greater acknowledgment of, and support for, the important role that spouses, children and other family members play in supporting their RSE worker to be away from home for a lengthy period. As an important first step, the wellbeing of workers’ families remaining at home should be incorporated into the critical success outcomes for the RSE policy listed in the IAU. Other ways in which the family can be given greater prominence are described in the next two sections.

**Refocus Toso Vaka o Manū funding**

In this section, we suggest a refocussing of a substantive part of Toso Vaka o Manū (TVOM) funding. We first explain our reasons for this suggestion, and then describe how we think the funding could be redirected to better support sustainable participation in RSE by workers, their families and communities, and minimise harm.

The aim of TVOM (formerly known as Strengthening Pacific Partnerships - SPP) is to support PICs to be efficient and effective labour sending countries, thereby enabling economic and social benefits for workers’ families and communities through remittances. It has five core objectives and associated outputs (Table 2).

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41 Ibid, pp.22-23.
Table 2 TVOM core objectives and outputs

<table>
<thead>
<tr>
<th>Core objectives</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To build the core capacity of LSUs (including agents where these entities substitute for LSU functions) in PICs that is maintained over time.</td>
<td>Core capacity building for LSUs delivered (operational): This output describes the substantive work of the TVOM team.</td>
</tr>
<tr>
<td>2. To investigate and initiate the participation of PIC workers in new industries, and support LSUs to develop capabilities for working in sectors that require industry-specific skills and qualifications.</td>
<td>Employment opportunities facilitated in industries beyond RSE (strategic): This output assists New Zealand to fulfil its undertakings in the Arrangement on Labour Mobility to provide opportunities for employment in industries beyond RSE.</td>
</tr>
<tr>
<td>3. To maintain and sustain relationships and collaborations with the PLF and other key labour mobility capacity building stakeholders working in PICs.</td>
<td>Relationships, networks and collaborations built and maintained (tactical): The achievement of outputs one and two require the building and maintaining of relationships with a wide range of stakeholders in PICs, New Zealand and Australia.</td>
</tr>
<tr>
<td>4. To assist in the building of knowledge about Pacific labour mobility through intelligence gathering and data analysis.</td>
<td>Knowledge building and information management (operational): This output is PIC-focused - it builds knowledge within the PIC about labour mobility to New Zealand, work and life in New Zealand, in addition to providing information management support to LSUs.</td>
</tr>
<tr>
<td>With NZ Aid programme, Vakameasina and other labour mobility partners:</td>
<td>PICs supported to maximise benefits and minimise adverse impacts of labour mobility (strategic): This output contributes to the efforts of LSUs and PIC governments, MFAT’s bi-lateral and regional programmes, Vakameasina, and other labour mobility partners working in the Pacific.</td>
</tr>
</tbody>
</table>

While core objectives two, three, four and five are still relevant, we propose that core objective one - building the core capacity of LSUs which forms the substantive part of the TVOM team’s work - needs to be reconsidered in light of a recent operational development, and an issue of more strategic importance.

The recent operational development concerns the Australian Government’s funding of the PLF to build LSU capacity to participate in labour mobility opportunities. Any future TVOM LSU capacity building activities need to be coordinated with and complementary to PLF activities to avoid duplication and reduce burden on LSUs. We acknowledge that it may not be politically preferable or feasible for New Zealand to cease generic LSU capacity building all together. However, we suggest that the recent implementation of the PLF’s capacity building programme allows MFAT and MBIE to consider alternative ways to spend some of the funding allocated to capacity building under TVOM output one.

The second consideration relates to a more fundamental and potentially controversial issue. Despite around 10 years of technical assistance and support by SPP, the World Bank (2010-2013), and in recent years by the Labour Mobility Assistance Program (LMAP), the capacity of a number of LSUs remains in a precarious state. The differences in LSU levels of resourcing and constraints call for tailored approaches to capacity development. The mid-term evaluation of SPP undertaken in 2013 identified a range of structural barriers that compromised the continuity of the capacity being built by SPP.

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42 The PLF was contracted in October 2018 and started operations in early 2019.
around which it had little, if any, influence. Some of these issues continue to undermine the sustainability of LSU capacity, leading us to ask - are there alternative approaches to delivering LSU functions that might be considered favourably by PIC governments?

For example, PIC governments could continue to perform employer-facing functions of the LSU (which is where the strategic value of LM lies), while outsourcing routine administrative tasks (e.g. health and police checks, visa processing etc) to an in-country commercial third party, perhaps with co-funding from MFAT and its Australian counterpart the Department of Foreign Affairs and Trade (DFAT). It is acknowledged that this may not turn out to be the desired solution to the problem described above. However, alternative approaches to LSU delivery merit consideration.

We propose that MFAT and MBIE can achieve greater development value for TVOM funding by changing its current ‘front-end’ focus on LSU capacity building, to supporting PIC governments to strengthen the sustainability of LM benefits for workers’ families and communities, and minimise harm from worker absences. For example, the following unmet needs of LM families were identified in the Pacific stream interviews.

- Goal setting/planning workshops for couples/unpartnered workers prior to the worker’s first departure for LM (including planning for marital and family separation).
- Financial management training for female spouses of RSE workers who are unfamiliar with handling large cash incomes.
- Workshops for spouses (female and male) remaining at home to develop village-based income-generating activities using RSE income.
- Workshops in sole parenting for female spouses during their husbands’ absence in New Zealand and grandparents who are looking after workers’ children.
- Support services, including counselling for couples with relationship problems arising from LM absences.

Get greater development value out of Vakameasina funding

Vakameasina, funded by MFAT, provides workers with skill development opportunities while they are in New Zealand with the aim of improving their English language skills; numeracy, financial and computer literacy; health and life skills. While the courses are valued by workers, the Pacific stream findings identified a range of barriers that mediate the benefits of Vakameasina such as: employers not signing up their workers; worker fatigue preventing them attending classes at the end of a working day; and workers who are non-English speakers are unable to participate. Some RSEs also expressed concerns about Vakameasina in its present form.

We note that the Activity Design Document (ADD) for Vakameasina (dated June 2017) proposed that funding be allocated to (i) expand the selection of courses on offer, and (ii) a Business Training and Support course to help groups of workers to conceptualise, discuss and develop business plans aimed at supporting the establishment of community-based businesses in the participants’ home countries. It is unclear from our interviews with RSE employers and Vakameasina regional coordinators (during

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43 Mid-term evaluation of the Strengthening Pacific Partnerships project, May 2013. Nunns, H., Roorda, M., Bedford, C., & Bedford, R.
44 Trades-related courses can only be offered if suitable instructors and equipment are available.
45 Refer Pacific stream report pp.86-88.
the NZ stream) and RSE workers (during the PIC stream) whether these two proposals have been implemented.

There is the potential to get greater development value out of Vakameasina funding by linking some courses more closely to vocational areas which are delivered to advanced-level to enable workers to establish an income-generating venture at home e.g. sewing, experience tourism, carpentry, motor mechanics, small engine maintenance, and solar power installation/maintenance. It is also suggested that such vocationally-orientated courses might be better delivered by suitably qualified Pacific tutors in a block course in the workers’ home country. Courses could include business development modules.

Such arrangements would enable workers to focus on learning (rather than juggling RSE work and study) and receive training in their lingua franca. After completing their course(s), workers could be linked into in-country business mentoring services provided by PIC government agencies and NGOs to support them during the business start-up phase. This approach might encourage frequent return workers and their families to reduce reliance on RSE as a long-term employment option. If, after attending a course, a worker chooses to return to New Zealand for a season, their earnings may be more likely to go towards funding a business start-up.

**Develop synergies with NZ Aid investments and PLF**

The creation of joined up processes between TVOM and MFAT’s bilateral and regional programmes would improve alignment, create synergies, and achieve greater value out of New Zealand’s aid investment. At a political level, this could include assisting LSU host ministries to prepare more compelling budget proposals for their governments, alongside targeted policy dialogue with central agency policy makers to better resource LM.

At an operational level, this could include:

- mapping of NZ Aid and other MFAT-funded programmes (plus regional programmes) in each PIC to get a clear idea of what is being delivered and to identify potential connections with LM.
- improved links between NZ Aid economic programmes and LM. For example, supporting small enterprise development, market access and export development (e.g. kava, vanilla).
- improved links between NZ Aid skills/education funding and LM.

There is also a need for coordination and cooperation between TVOM and the PLF as it expands its operations and capacity building activities. Possible areas for coordination include:

- LSU capacity building activities.
- LSU management of LM data: The PLF is in the process of developing a new database for use by LSUs. The PLF is receptive to the database also being used for RSE. A single database for all

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46 It is acknowledged that the logistics of running such courses would be more complex than a New Zealand-based course. Courses could be run at Pacific TVET institutions with the required equipment during term holidays and be residential.

47 For example, the Small Business Enterprise Centre (SBEC) which is partly funded by the Government of Samoa.

48 Refer Pacific stream report pp.84-85.
LM activity would reduce administrative burden on LSUs and increase the likelihood that more comprehensive LM data is captured than has been the case in the past.

- **Reintegration**: Coordination of planned TVOM reintegration activities in individual PICs with those being developed by the PLF.

### For consideration by PICs

<table>
<thead>
<tr>
<th>The study findings have shown that while there are monetary returns for seasonal workers and their communities through remittances, there are also social costs for workers’ families and communities especially if workers return in successive seasons over a number of years. There is also potential harm to communities with large numbers of productive working-age men and/or women absent for LM, as physical resources and skills needed for the maintenance of everyday life are depleted. This loss is exacerbated when communities prepare for and recover from weather-related events such as severe cyclones.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Such social costs are more likely to be borne by female family members as they assume the roles of their absent husband or adult male family member. The challenge for PIC governments is how to mitigate such costs through formal (e.g. services) and informal (e.g. traditional support structures) measures in order to:</td>
</tr>
<tr>
<td>- ensure there are sufficient human resources in communities/islands for food production, care of family members, community wellbeing, and paid and unpaid employment.</td>
</tr>
<tr>
<td>- assist workers to enhance the potential of their LM income and skills obtained overseas to create income-generating activities at home.</td>
</tr>
<tr>
<td>- mitigate adverse social impacts on families and communities e.g. declining agricultural production and the challenging of traditional social structures and cultural practices; and</td>
</tr>
<tr>
<td>- support longer-term reintegration of workers.</td>
</tr>
</tbody>
</table>
Recalibration of the RSE system

The RSE scheme emerged out of a co-design process involving industry stakeholders and government agencies using systems thinking. The initial focus for co-design and development of RSE was on State/Employer/Pacific state relationships and dynamics (Figure 1), with all parties working collectively to build value for the whole, not just for themselves.49

Figure 1. The initial focus for RSE design – key stakeholders and relationships

Over time, this focus has needed to expand to place greater emphasis on RSE workers especially, as well as workers’ island-based families and communities, and the local New Zealand communities that host thousands of RSE workers each season (Figure 2).

49 A detailed account of the RSE scheme as a system is provided in the NZ stream report pp.19-20.
While RSE employers remain the primary driver of the policy, if RSE is to continue to be a best practice scheme, MBIE and MFAT must remain cognisant of all stakeholders in the system and the interdependencies between them. In the current climate of socially sustainable production, maintaining the wellbeing of RSE workers is paramount, and this requires all RSE stakeholders working together to mitigate adverse impacts on workers and their families.

As the diagrams suggest, the RSE scheme is a complex adaptive system. It has lots of components and interdependencies between them. It is susceptible to (unpredictable) change and evolution over time. Accordingly, it is a scheme that requires continual oversight of, and support for, different actors – RSE employers, h/v industries, NZ communities, PIC governments, RSE workers, their families and communities – to understand their interrelationships and how their interactions can best be organised to ensure the policy’s objectives are kept in balance in future.

To effectively manage and cultivate growth in complex systems like the RSE scheme, stakeholders need to be ‘gardeners’, instead of ‘craftsmen’. As Parris (2017) explains:

> When we [craftsmen] are merely creating something, we have a sense of control; we have a plan and an end state. When the shelf is built, it’s built. Being a gardener is different. You have to prepare the environment; you have to nurture the plants and know when to leave them alone. You have to make sure the environment is hospitable to everything you want to grow (different plants have different needs), and after the harvest you aren’t done. You need to turn the earth and, in essence, start again. There is no end state if you want something to grow.\(^50\) (emphasis added)

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Appendix A: RSE theory of change, updated with the study findings

A theory of change (ToC) identifies the change(s) that an initiative or intervention is intended to bring about. It describes the mechanisms that are designed to make such change occur, the assumptions that underlie how and why the intended change is supposed to happen, and identifies the risks that may impede the intended change from occurring as expected. The theory of change acts as the key reference point for a research project. Data that are collected about observed changes are compared to the theory of change, divergences identified, explanations sought, and the theory of change revised.

The theory of change for the RSE scheme, presented below, is in two parts – the New Zealand-end, and the PIC-end. The left-hand column describes the ToC developed before the Impact Study began. The right-hand column describes changes to the initial ToC arising from the study findings.

**New Zealand end**

<table>
<thead>
<tr>
<th>Version in the Research Plan i.e. pre-research</th>
<th>Changes/additions from study findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The problem ...</strong>&lt;br&gt; Ongoing seasonal labour shortages resulted in horticulture and viticulture growers and processors being unable to pick and pack produce at its optimal state. This posed a significant threat to the h/v industries which are predominantly export-focussed.</td>
<td>✓</td>
</tr>
<tr>
<td><strong>The response ...</strong>&lt;br&gt; The RSE scheme emerged out of the Pure Business Project (2002) which then evolved into a co-design process (2002-2003) involving government agencies (the then Department of Labour and the Ministry of Social Development) and representatives from the h/v industries. The RSE policy requires employers who want access to RSE labour to undergo an accreditation process confirming their compliance with employment law and agreeing to specific provisions for RSE workers including pastoral care and paying half of workers’ airfares.</td>
<td>✓ plus ...&lt;br&gt; - The initial seasonal worker cap of 5,000 workers for the 2007/08 financial year was increased to 8,000 for the 2008/09 year and held constant then for five years. The cap was raised to 9,000 for the 2014/15 financial year and has increased annually since then to reach to 14,400 in the 2019/20 financial year in response to employer demand for Pacific labour.</td>
</tr>
<tr>
<td><strong>Intended key change ...</strong>&lt;br&gt; - A reliable, sustainable seasonal labour supply.&lt;br&gt; - Transformation of the horticulture and viticulture industries from low cost industries to industries based on quality, productivity, and high value through improved business practices.&lt;br&gt; - Immigration risk is minimised.</td>
<td>✓</td>
</tr>
</tbody>
</table>
- Contribute to New Zealand’s foreign policy objectives in the region, specifically encouraging Pacific economic development, regional integration, and stability.
- Industry-wide confidence and expansion.
- Enhanced international confidence in NZ horticulture and viticulture products.

### Key assumptions underpinning intended change ...

**Implementation-related:**

- RSE employer-PIC relationships will become self-sustaining.
- Unlimited supply of potential labour from PICs.

**Outcome-related:**

- The benefits of RSE status will act as an incentive to employers, helping to reduce poor employment conditions and practices in the industry, and creating opportunities for employment of more NZ workers.
- A reliable workforce will enable growers and processors to focus on quality and productivity, transforming into a high value industry.
- Industry will become more competitive in international markets.

### How the RSE policy supports intended change ...

**Implementation-related:**

- The New Zealanders First requirement requires RSE employers to demonstrate they have actively sought local workers before approval is given for recruitment of RSE workers.
- An annual RSE worker limit (national cap) to mitigate displacement of NZ workers.
- NZ Government to PIC Government relationship as set out in the Inter-Agency Understanding.
- RSE employer accreditation requiring good employment practices and conditions.
- Pastoral care, sharing of travel costs and other requirements for RSE workers.
- Limited Visa for RSE workers restricts rights of entry, length of employment, and movement around NZ to manage immigration risk.

**Outcome-related:**

- NZ host communities have the infrastructure and services capacity to cater for RSE workers (as well as other flows of temporary workers and visitors).
- New Zealand workers’ access to seasonal employment is protected.

### Five challenges to RSE employers from the Minister of Immigration, November 2018:

- One: Make the industry more attractive to New Zealand workers, by providing better wages and conditions;
- Two: Build more accommodation for workers to alleviate local accommodation pressures;
- Three: Take greater responsibility for supply chains and labour contractors to help stamp out migrant exploitation; and
- Four: transform the horticulture and viticulture industries from low cost industries to industries based on quality, productivity, and high value products.
- Five: Work with other industries, such as aged care and transportation, to help them with our experience and knowledge.

- RSE worker accommodation standards which are enforced by INZ Labour Inspectorate.
**Mechanisms**
- Social mechanism: Ongoing, personal relationships between RSE employer and individual PIC village/workers.
- "Threat" mechanism: Workers are influenced by risk of not being invited to return to NZ if they misbehave or are not productive.
- Role modelling mechanism: RSE workers describe having a better understanding of time management and self-management from employer’s example.

**Risks (actual/potential) to intended change in NZ**
- RSE employers’ desire for trained, skilled RSE workers to return to NZ year-on-year limits opportunities for other PIC people seeking RSE work.
- Pressure on community infrastructure and services from annual influx of large numbers of RSE workers.
- The gendered nature of some RSE work means RSE employers have limited opportunities for women RSE workers.
- Limited take-up from contractors in some sectors (e.g. kiwifruit) to becoming an RSE.
- Return RSE workers seek higher pay, and higher skilled jobs as they become more skilled.
- RSE workers abscond from their employer, breaking their visa conditions and become unlawful.
- Potential suppression of wages in the horticulture and viticulture industries.
- Static or declining incomes after deductions, in spite of increases in the minimum wage.

**Externalities**

*Macro*
- International export markets
- Regional security
- Pacific bi-lateral relationships
- Biosecurity
- NZ economy (wage growth)

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✓ plus ...
- Threat mechanism: is also operating back home in the islands. In some village contexts, re-selection by local leaders requires no drunken or disorderly behaviour from workers or intending workers.
- Intergenerational transfer mechanism: some workers are seeking to lock in opportunities for RSE employment within their family.
- Incentive mechanism: RSE status allows employers to access Pacific labour to support productivity of their h/v enterprises and address labour shortages caused by insufficient local labour.

✓ plus ...
- Certainty of RSE labour leads to expansion which leads to demand for more RSE workers.
- Unequal distribution of RSE benefits – between RSEs and workers; men & women; within and among PICs
- Reported diminishing financial returns for RSE workers
- Barriers for RSE workers to raise issues
- Potential negative impacts for Pacific families from repeated worker absences; and for communities with large numbers of seasonal workers
- % of women RSE workers is decreasing.

✓ plus ...
- The focus of some of our major international markets is on sustainable/ethical production and employment practices. Increasing emphasis on compliance and worker welfare right through the supply chain (e.g. Global GAP and GRASP).
- Micro: Local health services.
- Immediate and longer-term fall-out from COVID-19 for RSE is as yet unknown.
Australia’s growing demand for PIC labour

Micro
- Local labour markets
- Local housing markets

PIC-end

<table>
<thead>
<tr>
<th>Version in the Research Plan i.e. pre-research</th>
<th>Changes/additions from study findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The problem ...</strong></td>
<td>✓</td>
</tr>
<tr>
<td>Lack of waged employment opportunities, particularly in rural areas/outer islands.</td>
<td>✓</td>
</tr>
</tbody>
</table>

| **The response ...**                      | ✓                                   |
| Policy-makers recognised the value for PIC governments to leverage the development benefits arising from RSE earnings remitted, skills acquired, and material goods brought home by returning RSE workers. The goal is to use RSE job opportunities to improve the livelihoods of rural Pacific families through access to low skilled work in the horticulture and viticulture industries in New Zealand. | ✓                                   |

| **Intended key change ...**               | ✓                                   |
| • RSE worker’s earnings and new skills are transferred back home. | ✓                                   |
| • Improvements in the standard of living of RSE workers’ household and extended family’s standard of living improves as a result of RSE earnings (e.g. improved housing, school uniforms and fees paid). | ✓                                   |
| • Economic benefits flow into the worker’s community (e.g. improved facilities, infrastructure). | ✓                                   |
| • Generating local economic activity through RSE income being used for business start-ups/expansion, and other spending of worker earnings. | ✓                                   |

| **Key assumptions underpinning intended change ...** | ✓                                   |
| *Implementation-related:* | ✓                                   |
| • RSE workers will be recruited from rural/village communities, be unskilled and not be in waged employment. | ✓                                   |
| • PIC governments will provide sufficient resource to LSUs to administer RSE arrangements. | ✓                                   |
| • RSE employers will use PIC’s work-ready pools for recruiting workers. | ✓                                   |
| *Outcome-related:* | ✓                                   |
| • RSE workers earn sufficient income in NZ to enable them to save/remit their earnings, after travel and living costs have been deducted. | ✓                                   |
- RSE earnings improve workers’ economic and social wellbeing in village settings.
- RSE workers learn money management, horticulture and other skills that are transferred back home.
- RSE workers will come to NZ for a limited period, achieve their goal, then step aside to allow others to have the opportunity thereby spreading RSE earning opportunities around communities.
- Workers will continue to want to build productive livelihoods at home, rather than seeking long-term RSE employment or permanent employment in NZ.

How RSE policy supports intended change ...
- The Inter-Agency Understanding sets out the responsibilities and expectations of each party.
- RSE worker medical checks prior to leaving for NZ reduces risk to the NZ health system.
- RSE worker security checks reduces immigration risk.
- MFAT-funded Toso Vaka o Manū supports Labour Sending Units to administer RSE, ensuring the ‘right’ workers arrive in NZ when they are needed by RSE employers.
- MFAT-funded Vakameasina programme supports workers to gain new skills.

<table>
<thead>
<tr>
<th>How PIC governments support intended change ...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislation supporting labour mobility (Vanuatu only).</td>
</tr>
<tr>
<td>PIC governments provide sufficient resource for LSUs.</td>
</tr>
<tr>
<td>Work-ready pools allow RSE work opportunities to be spread around PIC communities.</td>
</tr>
<tr>
<td>Revolving funds for loans to workers to cover initial RSE participation costs.</td>
</tr>
<tr>
<td>In some PICs, village leaders/town officials decide/approve who should put themselves forward for recruitment</td>
</tr>
</tbody>
</table>

Mechanisms ...
- Social mechanism: Worker loyalty to individual RSE employers.
- Control mechanism: Social sanctions in the worker’s home community discourage worker misbehaviour.

<p>| Social mechanism: role of team leaders in NZ - Oversight of group to keep them cohesive and working productively, provision of pastoral care support, mediation role between workers and employer etc. |
| Knowledge mechanism: growth in understanding by RSE workers of the value of their labour in NZ and in PIC. |</p>
<table>
<thead>
<tr>
<th>Risks (actual/potential) to intended change ...</th>
</tr>
</thead>
</table>
| ▪ RSE employers by-pass work ready pools, favouring a direct/personalised recruitment approach instead. Many RSEs prefer specific PICs, and by-pass others.  
  o The focus is on individual workers, rather than communities.  
  o RSE work opportunities are not shared equitably within the PIC, and among PICs.  
 | ▪ Workers who are already employed in the PIC seek to become RSE workers due to the higher RSE income and are may be selected because they have better English language skills than villagers.  
 | ▪ RSE worker’s family becomes reliant on RSE income, requiring the worker to return to NZ year-on-year.  
 | ▪ RSE worker returns to NZ year-on-year out of loyalty to the employer.  
 | ▪ Negative impacts on children, partners and the wider family as a result of fathers/mothers being absent from home in successive years for up to seven months a year (nine months for some from Kiribati and Tuvalu).  
 | ▪ Negative impacts on food production, disaster preparation/recovery and other community-based activities due to able bodied workers being absent from home.  
 | ▪ Inter-generational dependency on RSE jobs.  
 | ▪ Pressure on accommodation in RSE regions results in high rents, crowded and less than optimal living conditions for RSE workers.  
 | ▪ RSE employers’ preference for male workers for many outdoor work activities reduces the opportunities for women workers given there are restrictions on RSEs employing women as RSE workers in the packhouse.  
 | ▪ Some recruitment agents in PICs will seek a commission from RSE workers which is not permitted under RSE Policy.  
 | ▪ RSE worker medical checks fail to detect pre-existing medical conditions.  

<table>
<thead>
<tr>
<th>Externalities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Macro</strong></td>
</tr>
</tbody>
</table>
| ▪ People movement as a result of global warming  
| ▪ Natural disaster |

<table>
<thead>
<tr>
<th>✓ plus ...</th>
</tr>
</thead>
</table>
| ▪ Unequal distribution of RSE benefits – between RSEs and workers; men & women; within and among PICs  
| ▪ Reported diminishing financial returns for RSE workers  
| ▪ Potential negative impacts for Pacific families from repeated worker absences; and for communities with large numbers of seasonal workers - villages are stripped of labour required for food production and village tasks  
| ▪ RSE workers no longer seek to maintain/develop a productive livelihood at home, preferring instead to rely on ongoing RSE participation and income.  
| ▪ Increased demands being placed on LSUs as a result of RSE, PLS and SWP  
| ▪ Potential benefits of Vakameasina skills training mediated by access: capped no. of places, employers enable access, courses delivered in English and in the evening, lack of training progression.  

<table>
<thead>
<tr>
<th>✓ plus ...</th>
</tr>
</thead>
</table>
| ▪ Increased demand for Pacific labour from Australia’s PLS and SWP schemes, with corresponding greater pressure put on LSUs.  
| ▪ Immediate and longer-term fall-out from COVID-19 for RSE is as yet unknown.  

- Stability of PIC government
- Lack of waged employment opportunities
- Under-employed youth populations
- Urbanisation
- PIC domestic economy
- Demands on PIC health systems