

# Briefing Paper

## New Zealand's Recognised Seasonal Employer Scheme: An Object Lesson in Policy Making – But for Whom?\*

### Background

The Recognised Seasonal Employer (RSE) scheme provides for eligible Pacific Islanders to work for the agricultural season in New Zealand. Using the lens of the three 'T's model of political economy – **Interests, Ideas and Institutions**, this Briefing Paper (and the original research paper on which is based) discusses not the outcome of the RSE scheme, but its origins and replicability and especially the role of institutions in its success.

As a development intervention, RSE has been a resounding success, providing needed labour to a critical sector in New Zealand while also provided needed income and opportunities for Pacific Island workers. It is argued that RSE has been an object lesson in policy-making, arising from a conscious and painstaking policy process that involved an interaction between policy makers and researchers; the intermediation of research results into a digestible format; a quiet negotiation between policy-makers, interest groups and an expert analyst; institutional support; effective implementation, and, finally, thorough evaluation. In that the creation of the RSE arose from such a fortuitous coincidence of interests and circumstances, it is likely to only be replicable in rare instances.

### The success of RSE

The RSE is one of very few migration policies to have been subject to formal impact assessment. This concluded that the RSE was:

“one of the most effective development interventions for which rigorous evaluations are available. ...heralded as international best practice. The large development impacts seen here should lead other countries to consider similar policies.”<sup>1</sup>

Another key indicator of the on-going success of the RSE scheme is that it has survived. Started in 2006 with a cap of 5,000 workers, it now permits up to 8,000. Moreover, Gibson and McKenzie 2014 say that “the gain in income (equivalent to US\$260 per-capita per annum in Tonga and US\$860 per capita per annum in Vanuatu) still dwarfs other popular development interventions which have struggled to generate large gains in income.”<sup>2</sup>

But how was this success achieved, and how did the prevailing interests, ideas and in particular intuitions combine to make it so? The remainder of the Briefing Paper addresses this question.

### Interests

Interests were important. The direct beneficiaries of the RSE scheme were agriculture in New Zealand, which got scarce workers, and the workers of the Pacific Islands

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<sup>1</sup> Gibson and McKenzie (2014) p.242.

<sup>2</sup> Ibid.

who got jobs. Horticulture and viticulture are major sectors in the New Zealand economy and had a strong interest in solving their labour shortages by bringing in foreign workers. The economies of the Pacific Islands were becoming less and less viable so work in New Zealand offered big income gains. But tiny isolated countries rarely exercise any influence on policy making in larger and richer powers and so it was as much the foreign policy interest of maintaining Oceanic influence in the Pacific as the islanders' incomes that promoted change. Moreover there were other interests potentially opposed to the RSE – e.g. local workers and humanitarian and human rights activists. The RSE was notable in the extent to which it assuaged their fears through careful design and a huge degree of engagement with them. Its documentation laid out detailed conditions for both employers and workers including the following guidelines.<sup>3</sup>

For employers: ***“Requirements you must meet to become an RSE***

*‘Only a New Zealand employer can become a recognised seasonal employer.*

*‘You will have to show us that you:*

- *are in a sound financial position*
- *have human resource policies and practices of a high standard*
- *promote the welfare of workers*
- *have dispute resolution processes*
- *have demonstrated your commitment to recruiting and training New Zealanders, and*
- *have good workplace practices and have, in the past, met all relevant immigration and employment laws.*

For workers: ***‘Recognised Seasonal Employer (RSE) Work Category***

*‘You may be eligible for a visa under this category if you:*

- *are aged 18 or over*
- *have a job offer in New Zealand from an employer who meets our requirements*
- *meet our health and character requirements ...*
- *are genuine in your intention to work*
- *have been approved for acceptable medical insurance*
- *are offshore ...*

These rules provided a framework that reassured all social partners.

## Ideas

By the early to mid-2000s two strands of research had produced sound evidence of the potential advantages of temporary migration schemes. The first showed that, as the world economy became more competitive and developing countries' preferential access to rich markets was eroded, small isolated countries, whose exports had to be shipped long distances and in small consignments (and hence faced excessive costs) would never be competitive enough to generate the incomes modern peoples aspired to. The second quantified the huge benefits created by moving people from areas of low productivity to those of high productivity.<sup>4</sup> This work was supported intellectually and financially by the Head of Trade unit at the Commonwealth Secretariat, Roman Grynberg.

A third important idea was the passion that grew over the 2000s for formally evaluating development interventions and policies. Both the New Zealand government and the World Bank, which was advising on the development aspects of the RSE, appreciated the need for evaluation and were able to set the RSE up in a way that permitted – for the first time in migration – a

<sup>3</sup> <http://www.immigration.govt.nz/employers/employ/temp/rse/default.htm>;  
<http://www.immigration.govt.nz/employers/employ/temp/rse/RSERequirements.htm>

<sup>4</sup> See Bedford 2013 for a survey of the intellectual context of the time.

sound evaluation. This mattered because it re-assured New Zealand's policy makers that the policy would not continue unless it was doing material good in the Pacific and not causing harm at home – i.e. it created some political space for what was a very sensitive policy experiment. In addition, because the evaluations turned out to be very favourable, they offered the policy political cover once it was established.

Ideas do not sell themselves to policy makers – rather, they require intermediaries able to understand and adapt academic research and to present it accessibly to policy makers as and when they need it. The World Bank proved crucial in this respect. The Bank's East Asia and Pacific Region was exploring temporary migration and initiating a conversation in the Pacific before the New Zealand government knew that it needed it, and its staff were ready with ideas, evidence and practical advice.

## Institutions

Once designed, policies need to be implemented and this often requires the re-engineering or invention of new institutions and their associated regulations. In this particular case, the parties largely extended existing bodies and institutions to provide the RSE's various functions, including recruitment and initiation, pastoral care<sup>5</sup> in New Zealand, checking work conditions and ensuring departure. By giving it a solid institutional foundation, policy makers not only increased the RSE's chances of working, but they also gave it a degree of persistence – an attempt to unravel it would have to deal with custodians of several different parts of it.

Thus in New Zealand, the RSE required (Ramasamy et al, 2008):

- An RSE Unit in Wellington to process all RSE and ATR applications – the conditions for which are

quite demanding

- Five designated RSE compliance staff, who have a dual role in managing relationships with employers (including contractors) in their regions and monitoring and ensuring compliance with the conditions of the RSE policy;
- Six RSE Labour Inspectors responsible for assisting employers (including contractors) to meet employment relations standards, monitoring and reporting on workplace conditions and health and safety issues; and
- Several Pacific Liaison Officers to assist with the settlement and pastoral care of workers. They work alongside employers providing information, advice and support to assist them meet the pastoral care needs of workers.

In addition the Pacific Island states also required institutional infrastructure to make this highly co-operative scheme work. The precise details vary from island to island, but all were subject to negotiation and review by New Zealand. Inter-Agency Understandings (IAUs) were signed between the Department of Labour (with co-operation from the Ministry of Foreign Affairs and Trade) and the appropriate government agencies in each Pacific partner which provide a careful delineation of each side's responsibilities<sup>6</sup>. These are essentially the defining instruments of the RSE, but they are remarkably light on binding commitments and heavy on aspirations. This 'law-light' approach seems to characterise the whole of the RSE scheme, and is presumably made possible by the coupling of the absolute discretion that the government retains over who may enter and stay in New Zealand with the high degree of trust between the parties. Such arrangements depend very critically on mutual trust between the parties – especially of confidentiality. Governments need to know that they can back out of sensitive policies without repercussions

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<sup>5</sup> Pastoral care broadly refers to providing for the well-being of workers (e.g. transport, training, accommodations, medical insurance, protective equipment, on-site facilities, etc.).

<sup>6</sup> Details on the IAUs and other information is available at <http://employment.govt.nz/er/rse/index.asp>.

if they are ever to get into discussing them.

While there are differences between islands, the IAUs typically require the public agencies to (Ramasamy et al, 2008):

- adhere to the precepts of the RSE policy;
- develop and maintain a reputation as a reliable source of seasonal labour;
- secure a fair share of RSE contracts for their residents; and
- facilitate their seasonal migrants to save and develop useful experience.

More concretely, the IAUs define arrangements for:

- recruitment (including, especially, the pre-selection and screening of potential workers);
- pre-departure orientation;
- visa processing;
- pastoral care (in support of employers, who are the main parties responsible for this); and
- compliance with immigration rules.

In addition the IAUs confirm the agencies' commitment to participating in the monitoring and evaluation of the RSE policy.

Implicit in the IAUs has been a good deal of technical support and training of local administrators for the RSE. Most has come from the New Zealand Department of Labour, but other institutions such as the World Bank and ILO have also contributed. This helped the scheme to run productively and presumably deepened capacity within the Islands. The fact that the trained staff show considerable turnover has been a concern to the RSE units within the Island governments, although if the staff move to other more productive tasks the communities as a whole may well gain from this.

Recruitment arrangements vary by island, but as the scheme has become more established it seems that a higher proportion of workers are recruited directly by employers – often from among the workers they have previously employed. In Tonga employers could recruit either directly or more popularly at first, from a “work-ready” pool of Tongans pre-screened and selected by the ministry. The pre-selection and screening were done at the district level by district and town officers, together with church and community leaders. Gibson et al. (2008) report that the main attributes sought by village committees were honesty, responsibility, diligence, reasonable English, sobriety and origins from low-income families. Finally, employers conducted interviews of the short-listed workers to select between them. The Tongan Labour Ministry tried hard to ensure that as many villages as possible had the opportunity to participate, and as a result all villages had workers in the scheme.

The gradual increase in the reliance on the re-engagement of last year's workers has led some commentators to fear that the RSE is becoming unequalising in the Pacific. The regular migrants grow rich (relatively speaking) and become an elite within their communities, while other families are unable to take advantage of the opportunities provided by work abroad – Cameron (2009). It has led others to fret that recruitment is no longer so closely managed and that as a result islands' reputations may be put at risk. Bedford (2013) reports such concerns in Vanuatu, Tonga and Samoa. Such concerns notwithstanding, eight years on, the scheme is still widely lauded throughout the region.<sup>7</sup>

It is useful to note, however, that the Pacific Islands did not set up new institutions to administer the RSE, so much as exploit ones that already existed working in the same sorts of spaces. – see, for example Bailey (2014). The RSE provided scope for considerable skills-upgrading, however, and so contributed to institutional

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<sup>7</sup> See for example: <http://www.radionz.co.nz/international/pacific-news/299512/game-changers-pacific-rse-workers-in-nz>

development. Bedford (2013, p.256) argues convincingly that establishing Temporary or Seasonal Employment Schemes involves not just the one-off creation and staffing of institutions (or parts of them), but a continuing engagement and flow of resources between the partners. The multi-faceted nature of such schemes requires constant oversight if the scheme is to continue to function effectively as a whole. This is expensive, and both sides have to commit to the scheme to maintain it - the host country to funding it and the home countries to maintaining the necessary functionality in the face of competing demands for the use of aid resources. For the RSE, this appears to have been the case since 2008, but it is far from automatic. Neither did New Zealand establish new institutions for the RSE - indeed the whole process seems formally very light. The original RSE was based on the legal powers defined by New Zealand's Immigration Act of 1987, which expressly stated the discretion of the Department of Labour to issue 'Limited Visas', which permit entry to specified purposes. Thus it was simple to alter and extend the rules for seasonal workers, which the Ministry did several times over 2005-7, finally permitting the issue of limited visas for RSE workers. The 1987 Act was replaced by the Immigration Act of 2009 (implemented in 2010), which again noted the Ministry's discretion in the matter of limited visas, although now it was the Ministry of Business, Innovation, and Employment. The remaining domestic elements of the RSE scheme are undertaken and overseen by the Ministries of Labour and of Social Development, again without any specific instruments at all so far as one can discern.

## Conclusion

The RSE combined three critical elements for policy reform - **interests, ideas and institutions**.

The pro-reform **interests** were clear - the need for a reliable supply of labour for the New Zealand horticulture and viticulture sectors and the need for income-generating employment abroad for many Pacific Islanders. The anti-reform interests were

probably less strong, but real nonetheless - the loss of jobs and wages for New Zealand residents and the aversion of many people to the frequently harsh and inhumane conditions that are said to have characterised many temporary migrants' lives. But whereas the latter concerns frequently combine to prevent policies that permit more migration, in the RSE case they were addressed and ameliorated by carefully designed auxiliary policies supported by argument and analysis.

Three main **ideas** contributed to the success of the RSE:

- strong analytical evidence that the Pacific Islands would not be able to provide even moderate incomes for all of their people in the twenty-first century;
- very strong evidence that relaxing the constraints on the mobility of people between countries offered very large economic returns; and
- the need to evaluate new policies honestly and formally in order to fine tune them as necessary and ultimately decide their fate.

The last is now commonplace, although often avoided by nervous and impatient policy makers in practice. When compared to what can usually be mustered for most other policy reforms, the first two were stronger and less ambiguous for the RSE. Powerful though the ideas were, however, it is doubtful whether alone they would have spawned the RSE.

The third and necessary element was **institutions**. The work referred to in the previous paragraph was stimulated by the policy interest of the Commonwealth Secretariat and championed very effectively by the World Bank's East Asia and Pacific Region. The trust that the Bank's regional staff built up with the policy makers on one side (both in New Zealand and the Islands) and researchers on the other allowed these two groups to interact fruitfully and thus provided the essential channel from research into policy. As noted above that the RSE was 'law-light'; it appears to have been driven by clear objectives and a sense of collective

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endeavour in achieving them. This also probably reflects the high level of mutual trust between its main protagonists.

Institutions also figured in the maintenance of the RSE in both New Zealand and the Pacific Islands. The RSE has faced few serious challenges, but if it had, the widespread support from its administrators within the Department of Labour and the Pacific Islands would have offered at least some defence. However, the principal force behind the continued existence of the RSE is the continuing need for labour in New Zealand – i.e. the continuation of the interests that created it in the first place. This is necessary to maintain both the political will and the flow of resources to continue to administer it effectively.

The Recognised Seasonal Employer Scheme is a remarkable example of how evidence-based policy should work and be developed. It represented a fairly fundamental change of direction within New Zealand and has proven both effective and durable. The lesson to draw from it is that evidence-based policy change is possible but difficult and expensive. The evidence alone was not enough to introduce the RSE: one also needed strong interests in favour of reform and an extended institutional engagement to see it through.

Observing this history suggests that policy makers and research funders may be far too optimistic about the extent to which research alone will shape policy: a neat paper plus a quick and cheap engagement with policy makers is not likely to be very effective even if the case for change is strong academically. Rather one needs to be prepared to labour quietly behind the scenes adapting and explaining (often, by necessity, unacknowledged by those in power) in order to bring sceptics around to the proposed reform. In addition, and absolutely

unavoidably, one needs the good luck of finding strong advocates for change among recognised interest groups and political operators. This is often as much a matter of timing as of anything else – waiting until the opportune moment arises. Of the two substantive ideas that advanced the RSE neither was designed explicitly to move New Zealand's policy constellation and each was done in advance of any open discussion of such a policy change. The research was policy-focussed in the sense of addressing obvious policy questions, it was done in the hope of changing policies, and it was talked about quite widely. But if the time had not been right in New Zealand and in the World Bank it may have lain dormant on a shelf for a decade or more.

## **Could the RSE be replicated?**

The policy question for people outside New Zealand and the Pacific is 'could we build our own RSE based on New Zealand's experience?' The answer is 'probably not'. It is not that the technicalities are too difficult or the guiding institutions absent. The challenges in these dimensions are considerable and the New Zealanders overcame them very well, but it is difficult to believe that their achievements could not be reproduced elsewhere. Rather, the problem is that we are unlikely to see the convergence of such strong interests as those that spawned the RSE. There were clear commercial, geo-political and humanitarian forces pushing towards the RSE and so while the scheme also required and was supported by good ideas and institutions, it would have come to nothing without the interests.

## References

All references for sources mentioned can be found in the original research paper: Winters, L. A. (2016). *New Zealand's Recognised Seasonal Employer Scheme: An Object Lesson in Policy Making – But for Whom?* Toronto, Geneva and Brighton: ILEAP, CUTS International Geneva and CARIS.

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