



The Seasonal Agricultural Workers Scheme

European Union: MW 393



Summary

1. Importing seasonal labour perpetuates low productivity in the agricultural sector and denies opportunities to British workers who are unemployed or are seeking part time work. If it were to be considered in the context of the Brexit negotiations any scheme should be transitional and tapered. A wide range of suggestions for improving productivity have been made by expert organisations. Recommendations are at paragraph 12.

Introduction

2. The agricultural lobby are likely to use the Brexit negotiations to press for the reinstatement of the Seasonal Agricultural Workers Scheme (SAWS) which operated from 1948 until the end of 2013, bringing in migrant farm workers for a period of up to six months. From January 2008 until its closure at the end of 2013, the scheme was reserved for nationals of Romania and Bulgaria (EU2). No more than a sixth of seasonal work is done by British workers.¹ It would not be desirable to reintroduce SAWS on any permanent basis. If it were to be suggested during the Brexit negotiations, the new scheme should be transitional and tapered. In the medium term, a range of organisations are now in agreement that the agricultural sector must be encouraged to raise wages and improve working conditions for seasonal employees. This would help encourage more local workers into such jobs. In the longer-term the industry must also invest in technological change to increase labour productivity. This would complement government's investment of £130 million towards productivity-enhancing technologies in UK agriculture², while decreasing the sector's dependence on migrant labour.

The background to SAWS

3. Seasonal agricultural workers are generally employed from March to September with the peak months between May and July. In 2013, nearly 20,000 EU2 nationals worked on farms under the SAWS (while

1 Food Research Collaboration report, 'Agricultural labour in the UK', July 2016, URL: <http://foodresearch.org.uk/wp-content/uploads/2016/07/Agricultural-labour-briefing-final-30-June-2016.pdf>

2 Government press release, 22nd July 2013, URL: <https://www.gov.uk/government/news/160-million-technology-boost-for-uk-agricultural-industries>

there were a total of 67,000 seasonal and casual workers in agriculture³), and most of these migrants worked in horticulture, particularly fruit-picking.⁴ They received a card granting permission to work for a specific UK employer. Most participants were aged 18-25 and earned over £300 per week in 2013.⁵ Migrants were required to be registered as students in home countries. The scheme did not allow for family reunion. By 2013, it had nine operators and over 500 growers took advantage of it. An average Romanian worker could earn £1,400, or 3.5 times the average salary in their home country.⁶

4. Unusually by global standards, the UK's SAWS did not require any 'priority examination' to determine whether any UK or EU national was available to do the work. In the 1990s, an annual quota was introduced, starting at 5,500. This rose to 21,250 by 2013.⁷ Take-up averaged 95% from 2004 to 2012. In 2008, workers from the EU8 (the Eastern European countries that joined the EU in 2004) accounted for 49% of agricultural labour while those from Romania and Bulgaria accounted for 32% and workers of UK-origin for 16%.⁸

5. The proportion of casual and seasonal labourers in agriculture overall rose from 5% in 1980 to 14% in 2014.⁹ Within this there has been a significant increase in the number of migrant labourers working in seasonal roles since the 1990s. Until 2004, however, increasing numbers of migrant workers were employed illegally, comprising Eastern Europeans, Chinese nationals, asylum applicants and failed asylum seekers. Their displacement by EEA-nationals was encouraged by an increase in fines for employers caught using illegal workers. From 2004-2007, 81-96% of SAWS workers came from six countries - Bulgaria, Romania, Ukraine, Russia, Belarus and Moldova.¹⁰ By the final year of its operation, 2013, of the total of 19,630 SAWS work cards issued, 58% were to Bulgarian nationals. The remaining 42% were Romanian nationals.¹¹

6. In a May 2013 report, the Migration Advisory Committee (MAC) said the scheme was well-managed by the UK Borders Agency, did not have a notably negative impact on integration (since most workers lived on farms) and did not displace British workers.¹² The Association of Labour Providers reported in 2013 that the employment of illegal immigrants in the agricultural workforce had declined since 2002.¹³ As short-term migrants, SAWS workers were not included in the long-term net migration figures on which the net migration target is based.

3 MAC report on Migrant Seasonal Workers, May 2013, p. 1, URL: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257242/migrant-seasonal-workers.pdf

4 Financial Times, 17th September 2014, URL: <http://www.ft.com/cms/s/0/7f610fb2-3e70-11e4-a620-00144feabdc0.html>

5 MAC report on Migrant Seasonal Workers, p. 1.

6 Ibid., pp. 65 and 192.

7 Op. Cit., p. 1.

8 Liverpool University, 'Staff Shortages and Immigration in Agriculture' July 2008, p. 47, URL: <https://www.researchonline.org.uk/sds/search/download.do%3Bjsessionid=B8F5D490363B64052BC2400530827BDB?ref=B13276>

9 Food Research Collaboration press release, July 2016, URL: <http://www.farmingfutures.org.uk/blog/uk-needs-stronger-agricultural-workforce-cope-brexit>

10 MAC report, p. 58.

11 Home Office data, European Economic Area, May 2016, URL: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/524653/eea-q1-2016-tabs.ods

12 MAC report, p. 1.

13 Association of Labour Providers press release, March 2013, URL: <http://labourproviders.org.uk/wp-content/uploads/2013/05/ALP-Response-to-MAC-on-SAWS-180113.pdf>

The closure of the SAWS

7. When it closed the scheme in 2013, the government said the UK and EEA labour market should be sufficient to meet the needs of the sector.¹⁴ In the immediate wake of its closure, there was little evidence of a crisis in the recruitment of seasonal labour. The termination of the SAWS scheme in December 2013 coincided with the end of transitional controls of EU2 nationals. While the number of EU2 migrants in seasonal work decreased, the shortfall was made up by an increase in workers from other parts of the EU (who as a whole still make up around 95% of those who pick fruit in the UK)¹⁵ as well as a small increase in workers from Australia, Moldova and Ukraine (working under Tier 5 visas).¹⁶ This perhaps helps explain why in the first half of 2014, 82% of farmers surveyed by the Gangmasters' Licencing Authority (GLA) said the closure of SAWS had not or not yet had any effect on their business.¹⁷ The National Farmers' Union said in 2012 that SAWS was 'critical' to ensuring continued access to needed recruits. Since the referendum of June 2016, during which the majority of those who voted chose to leave the EU in, it has escalated calls for the reintroduction of SAWS.¹⁸ However, it is important to note that the current supply of labour from the EU will not disappear overnight. It is likely that EU workers already in Britain will be able to remain, while the Brexit negotiations will give a two-year window in which the industry can prepare for adjustment.

8. Until the mid-1990s, producers used a mix of locals, British students and SAWS students for harvesting. Since then, the supply of British workers has fallen. By early 2014, only eight out of over 500 surveyed farms employed seasonal workers who were UK nationals.¹⁹ This has occurred in part because the size of the rural working-class is smaller, there are more opportunities in service-based occupations, and farm work has largely lost its social status. Many such jobs are also both hard for urban workers to get to and are low-paid due to margin pressure from supermarkets. By September 2016, industry leaders urged the government to reintroduce SAWS since they believed 75,000 migrant workers were needed each year 'because British people are unwilling to do the work'.²⁰ However, as Oxford University's Migration Observatory has noted, 'the existence of a labour shortage does not automatically make a case for more labour immigration as there may be alternative policy responses'.²¹

Alternatives to SAWS

9. Instead of agreeing to the reintroduction of the SAWS, the government should bolster efforts to encourage Britons into such jobs. The government instituted a Department of Environment, Food and Rural Affairs-led working-group and a Department of Work and Pensions scheme to this end in the wake of SAWS' closure. The Agriculture and Horticulture Development Board (AHDB) recently noted that should the supply of migrant labour be restricted post-Brexit, 'wages are likely to increase in an attempt

14 Statement by then-Immigration Minister Mark Harper MP, 12th September 2013, URL: <https://www.gov.uk/government/speeches/seasonal-agricultural-workers-scheme-and-the-food-processing-sectors-based-scheme>

15 The Times, 13th September 2016, URL: <http://www.thetimes.co.uk/edition/news/visa-scheme-will-help-farmers-find-75-000-migrant-workers-cdhrvixft>

16 Gangmasters Licensing Authority report on 'Operation Novalis', July 2014, URL: <http://www.gla.gov.uk/media/1667/gla4215-operation-novalis-annex-a.pdf>

17 Ibid.

18 NFU policy proposal, May 2012, URL: <http://www.nfuonline.com/assets/6094>

19 GLA report 2014, URL:

20 The Times, 13th September 2016.

21 Migration Observatory evidence to the House of Lords European Union Committee, October 2012, URL: <http://www.parliament.uk/documents/lords-committees/eu-sub-com-f/GAMM/EvidencevolumegmmFINAL.pdf>

to make jobs more attractive to UK nationals'.²² The GLA has noted the view that a 'more competitive and attractive labour market' was needed to recruit and retain new seasonal workers. A 2013 survey of 1,300 agricultural workers by Farmers Weekly found that the average hourly wage in the agriculture sector was £8.74, around a third less than the overall UK average wage.²³ The introduction of the National Living Wage will increase the cost of seasonal wages for grower businesses by 35 per cent over the period 2016-2021, equivalent to an average annual rate of wage inflation of just under 7% a year.²⁴ Wage increases may encourage some of the 1.6 million people in the UK who are unemployed and some of the nearly 1.16 million part-time employees who are looking for more hours of work, to take up such roles.²⁵ This is despite the fact that the profitability of growing horticultural crops is highly sensitive to changes in wage costs.²⁶ Such wage rises would be welcome yet should be accompanied by broader changes to the welfare system to both make it more flexible for those going into temporary roles and to increase the incentives to work for those able-bodied people currently on government assistance. Reforms carried out in northern Germany, involving greater emphasis on the job-matching process and which identified lack of transportation to farms as a potential barrier, also suggest it may be possible to attract local workers into such jobs.²⁷

10. In that vein, Brexit should be understood as an opportunity for the agriculture industry to invest in workers and improve productivity. Figures from the ONS in Quarter 1 of 2016 show that output per job per hour in Agriculture, Forestry and Fishing is the lowest for all sectors in both manufacturing and services, while total factor productivity in agriculture between 1992 and 2012 was below that of Germany, Austria and Ireland.²⁸ The government published an agricultural technologies strategy for the first time in 2013, with the stated ambition of increasing productivity. This was backed by £130 million of public funding, while the European Centre for the Development of Vocational Training forecasts that employment of skilled workers in the sector will increase by 11% between 2015 and 2025.²⁹ The FRC says controls on immigration may hasten the rise of robots in agriculture.³⁰ Indeed, there is precedent for restricted migration leading to such outcomes elsewhere: restrictions on migration to the U.S. led to increased mechanisation in the tomato industry.³¹ Meanwhile, the AHDB has argued that the potential restriction of migrant labour in seasonal agriculture may be understood as a 'catalyst' that forces the industry to achieve [productivity] increases.³²

11. The think tank Resolution Foundation (RF) has also suggested that agriculture is a sector that has a high probability of computerisation. In horticulture, for instance, automation could mean using automated product handling systems while robots have been trialled in picking lettuces in Japan. The RF adds that the introduction of the National Living Wage will significantly raise labour costs, with 42%

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- 22 Agriculture and Horticulture Development Board, 'The impact of Brexit on the UK agricultural workforce', report, 20th September 2016, URL: http://www.ahdb.org.uk/documents/Horizon_Brexit_Analysis_20September2016.pdf
- 23 Food Research Collaboration press release, July 2016.
- 24 NFU press release, February 2016, URL: <http://www.nfuonline.com/misc/press-releases/mps-hear-realities-of-national-living-wage-in-horticulture/>; Farmers' Weekly, December 2015, URL: <http://www.fwi.co.uk/business/six-reasons-the-national-living-wage-could-devastate-horticulture.htm>
- 25 ONS, UK Labour Market Statistics, September 2016, URL: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/latest>
- 26 NFU report, February 2016, URL: <http://www.nfuonline.com/assets/59514>
- 27 MAC report, p. 84.
- 28 U.S. Department of Agriculture statistics 1992-2012, quoted in AHDB report, pp.13-14.
- 29 FRC report, p. 18.
- 30 Ibid. p. 14.
- 31 MAC report, p. 87 and Resolution Foundation (RF) report, 'Robot Wars: Automation and the Labour Market', July 2016, p.14, URL: <http://www.resolutionfoundation.org/wp-content/uploads/2016/07/Robot-wars.pdf>
- 32 AHDB report, p. 17.

of employees in crop, animal production and hunting projected to be affected by it in 2020, thereby increasing the argument for investment in technological innovation.³³

Recommendations

12. Immigration is not an optimal solution to agricultural labour shortages. Alternative policy options have been suggested by a range of respected specialist organisations. So to reduce the sector's dependence on migrant labour, the UK should aim to emulate the example of The Netherlands by focusing on technological innovation.³⁴ The government should also continue its work to incentivise some of the current 1.6 million unemployed to take up seasonal agricultural jobs. To this end, the NFU has proposed a series of steps to encourage benefit recipients, students and ex-prisoners into such work, echoing some of the recommendations made by the Freud Report of 2007.³⁵ If the temporary reintroduction of SAWS were to be considered during negotiations, it should include a progressive taper on the number of permits issued. It would also be right to oblige employers to offer such jobs first to locally available labour (as Canada's similar scheme does) alongside a robust system designed to prevent potential illegal overstaying (as is the case in Spain).

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33 Resolution Foundation, Robot Wars, p. 14.

34 For an account of what the Netherlands has done, see MAC report, pp. 85-87.

35 Report by David Freud, 'Reducing dependency, increasing opportunity: options for the future of welfare to work', 2007, URL: <https://www.researchonline.org.uk/sds/search/download.do?ref=B4071> , cited in NFU policy proposal, May 2012.