

The Long-Term PALM Scheme: Triple Win During The COVID-19 Pandemic and Beyond



Australian Government



Overview of the PALM Scheme



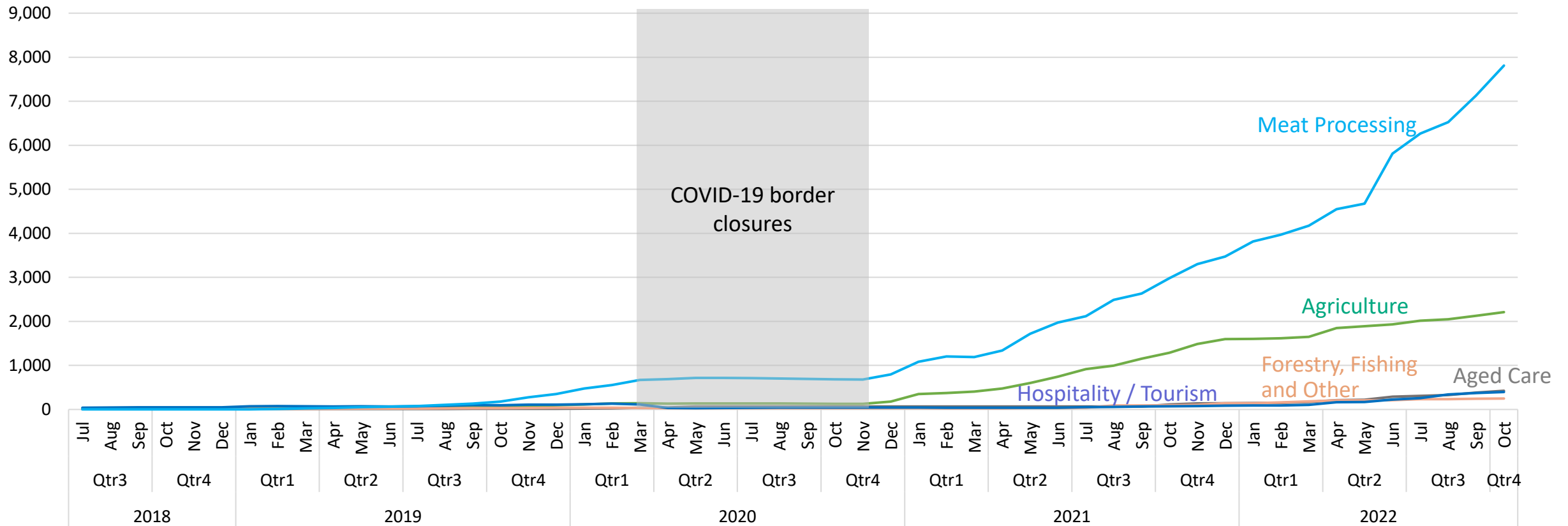
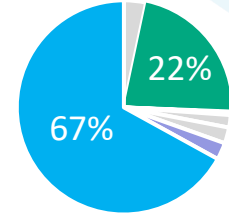
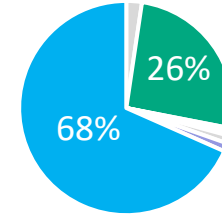
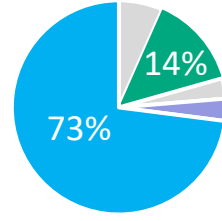
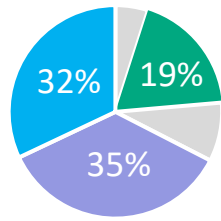
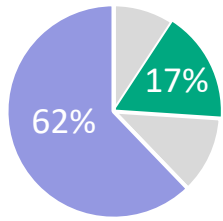
The PALM scheme is the primary temporary migration program to address unskilled, low and semi-skilled labour shortages in rural and regional Australia

Overview of the PALM scheme

- The Pacific Australia Labour Mobility (PALM) scheme allows eligible Australian businesses to hire workers from nine Pacific countries and Timor-Leste when there are proven labour shortages in the local employment market.
- Permits recruitments of seasonal workers for up to nine months a year, or longer-term roles for one to four years in unskilled, low-skilled and semi-skilled roles.
- Pacific Labour Mobility commenced with the Pacific Seasonal Worker Pilot Scheme (PSWPS) in 2008 and has constantly evolved
 - the PSWPS became the Seasonal Worker Programme (SWP) in 2012 – capped at 2,500 workers until 2015
 - Pacific Labour Scheme (PLS) started July 2018 with 59 workers from Northern Australia Worker Pilot Program – capped until 2019.
 - On 4 April 2022 the government brought the SWP and PLS together under the consolidated, demand-driven PALM scheme.
- COVID-19 raised the profile of the scheme – PALM scheme one of few sources of migrant labour available to Australian businesses
 - Grew rapidly – from around 8,000 workers in February 2020, to 31,500 at end of October 2022 (11,087 long-term, 20,413 short-term)
- Due to data limitations, this document only examines long-term PALM scheme workers (formerly PLS workers).
- We've typically described as a 'win-win' – Australian employers can access a pool of reliable, productive workers while Pacific and Timor-Leste workers can take up jobs in Australia, develop their skills and send income home to support their families and communities.
- Today we seek to demonstrate a 'Triple Win' during COVID – for workers, labour-sending countries and labour-receiving countries

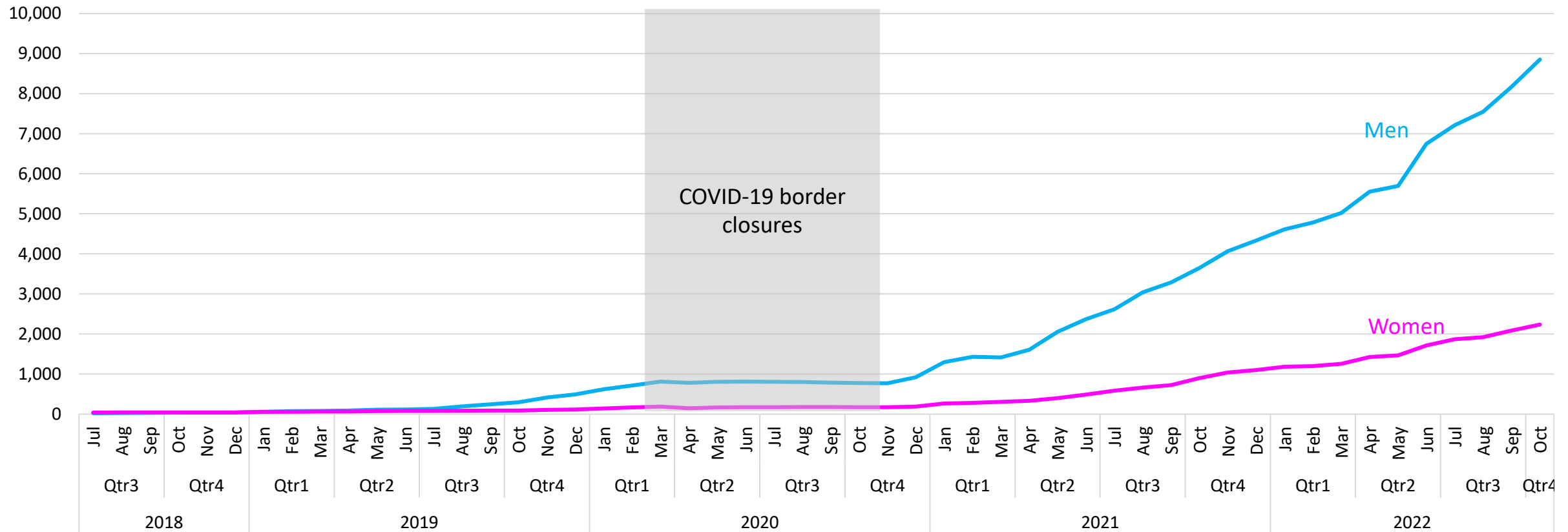
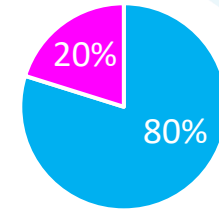
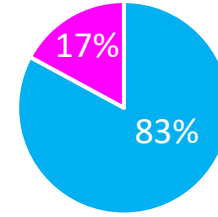
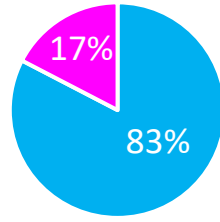
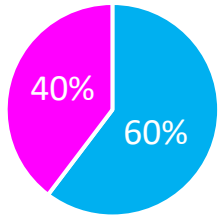
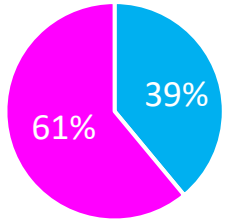
As of October 2022, the meat processing sector accounted for 71% of long-term PALM scheme workers, with agriculture accounting for 20%

Number of workers by industry of employment between July 2018 and October 2022



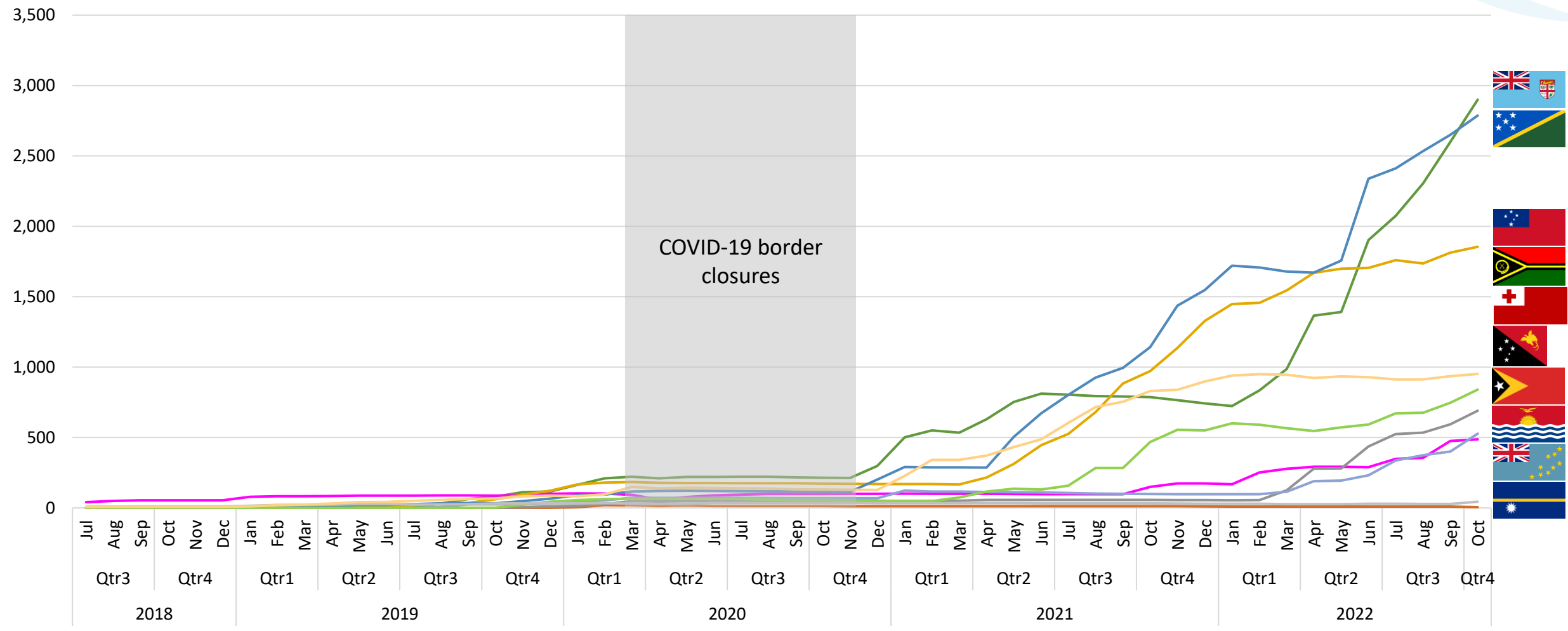
The faster growth of men compared to women is a result of the rapid growth of workers in meat processing - which is 89% male worker dominated

Number of workers by gender between July 2018 and October 2022



Most long-term workers come from Fiji and the Solomon Islands, followed by Samoa, Vanuatu, Tonga, PNG, Timor-Leste, Kiribati, Tuvalu, and Nauru

Number of workers by country of origin between July 2018 and October 2022

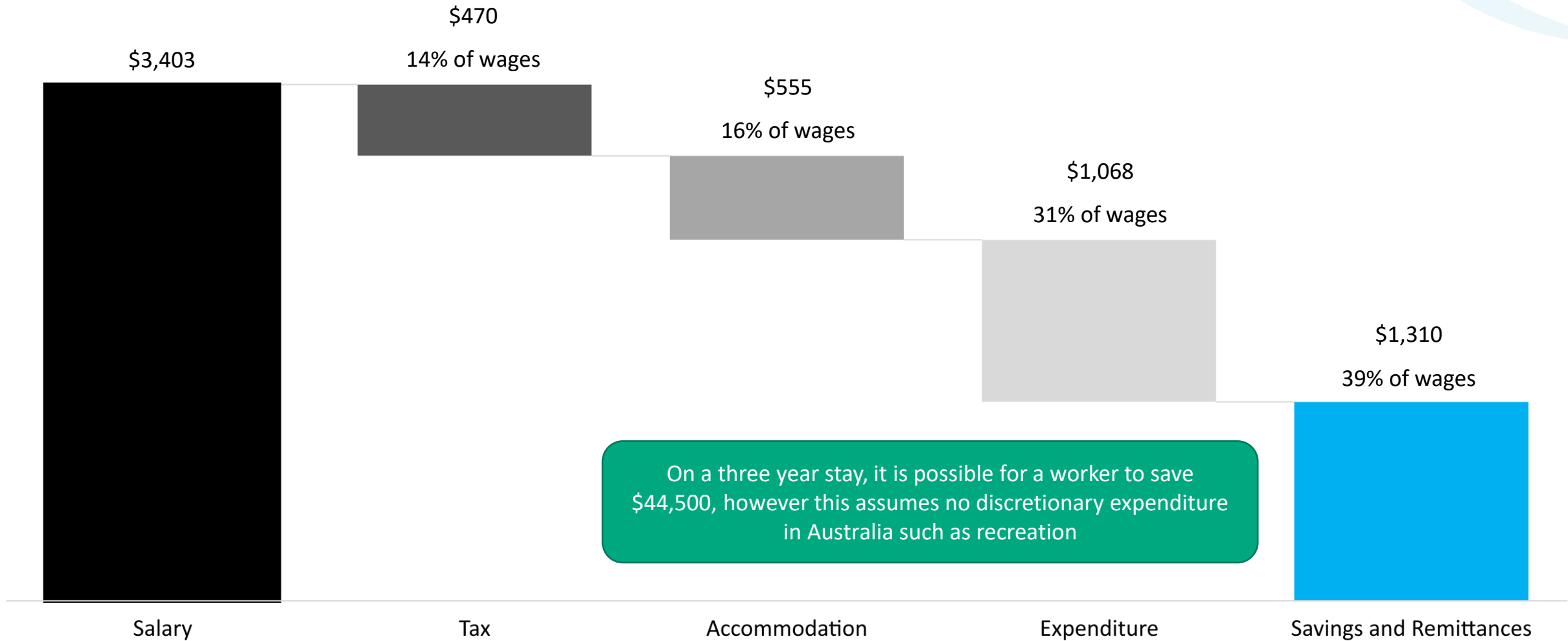


Indicative Economic Impacts



In 2020, the average long-term PALM worker earned \$40,836 and managed to save or remit 39% of their income after expenses

Average monthly cashflow of long-term PALM workers in Australia (2020)



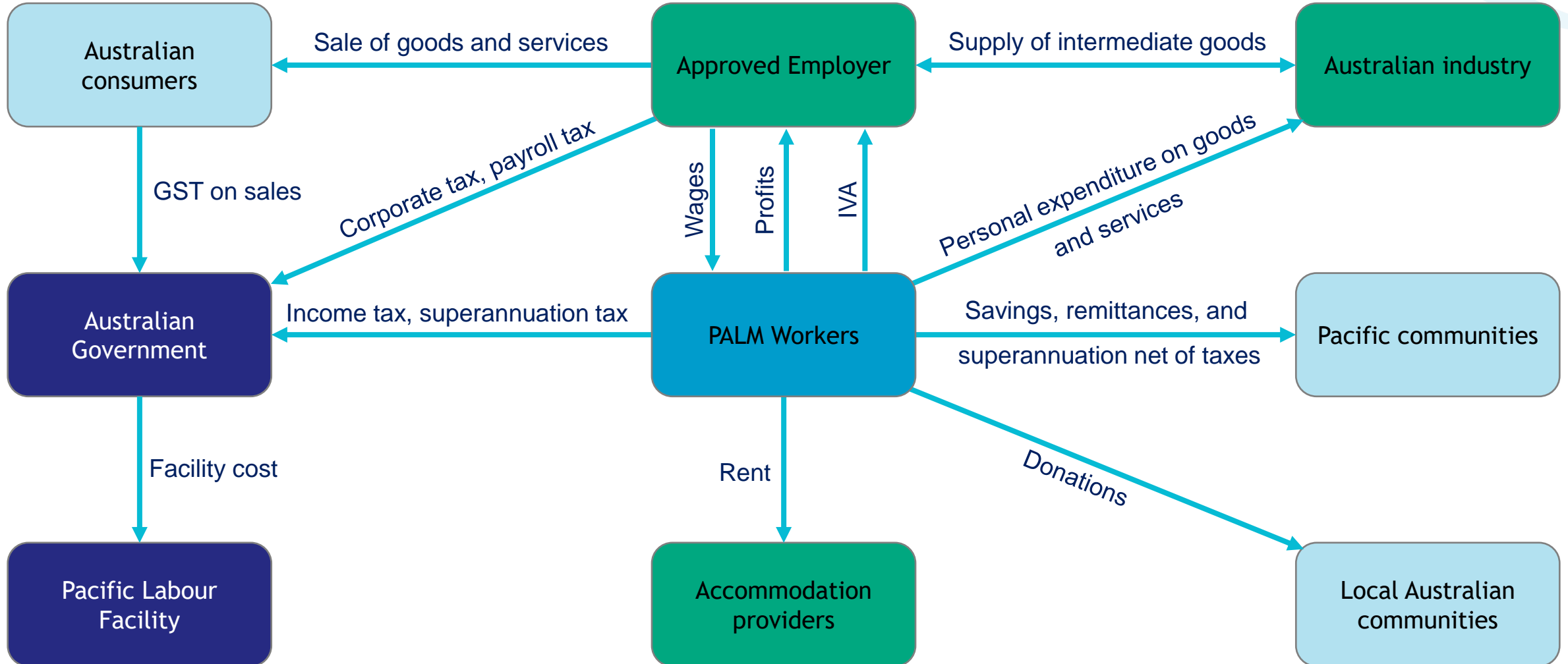
All worker data relates to long-term PALM scheme workers only.

The Pacific Labour Facility created a model to estimate the indicative financial and first order economic impacts of long-term PALM scheme workers

The PLF long-term PALM scheme worker economic impacts model

- Utilises industry averages from the Australian Bureau of Statistics and is supplemented with data collected by the PLF directly from workers and employers through regular surveys
- Model is a work in progress – simplifies the economic impacts and aims to capture the industry value added, taxes paid (corporate and personal) and local and non-local expenditure of PALM workers in Australia.
- Important caveats and points of interest:
 - First order economic impacts only – no multiplier or flow-on effects
 - Long-term PALM workers only
 - Does not include benefit of skills return to the Pacific
 - Does not estimate consumer surplus
 - Does not factor in the costs, and positive impacts, of sending countries to process and mobilise a worker

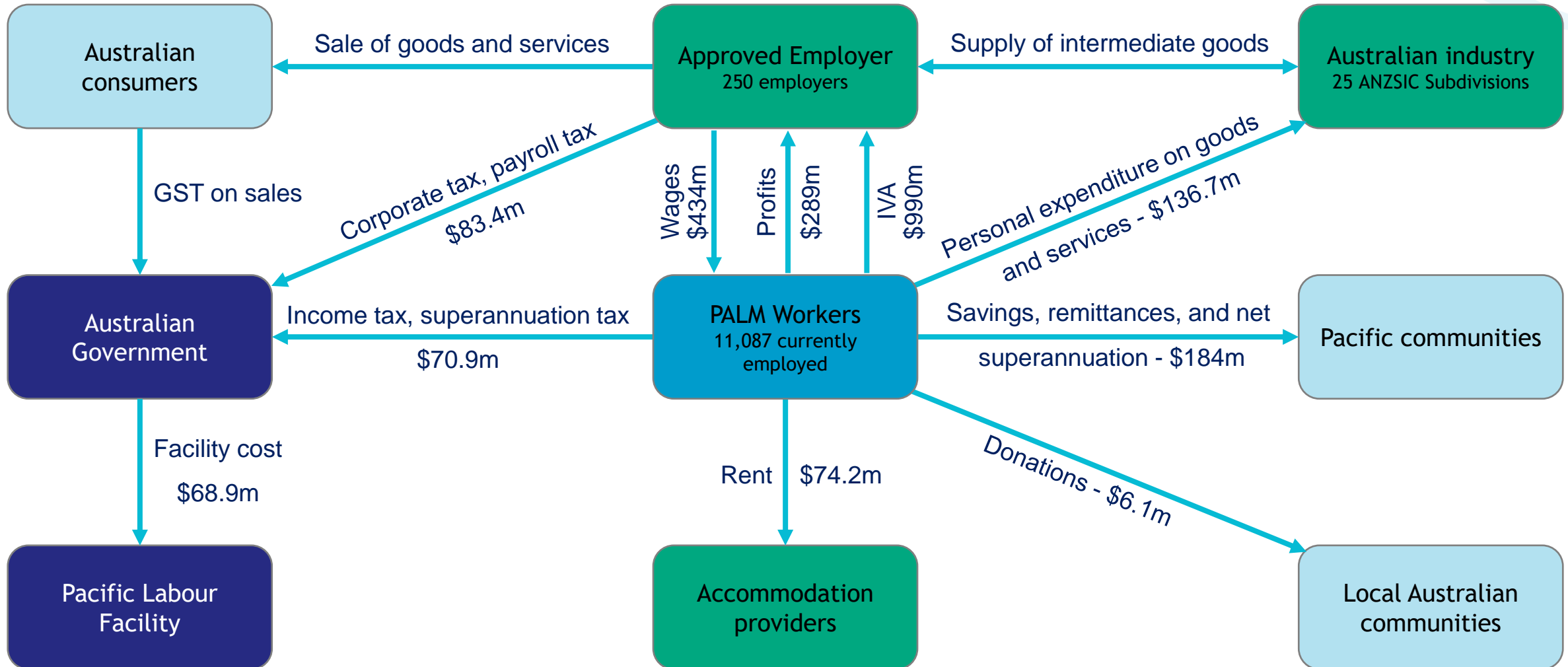
The economic impacts of long-term PALM scheme workers in Australia is complex and crucial for regional Australian and Pacific communities



Financial and first order economic flows of PALM scheme workers

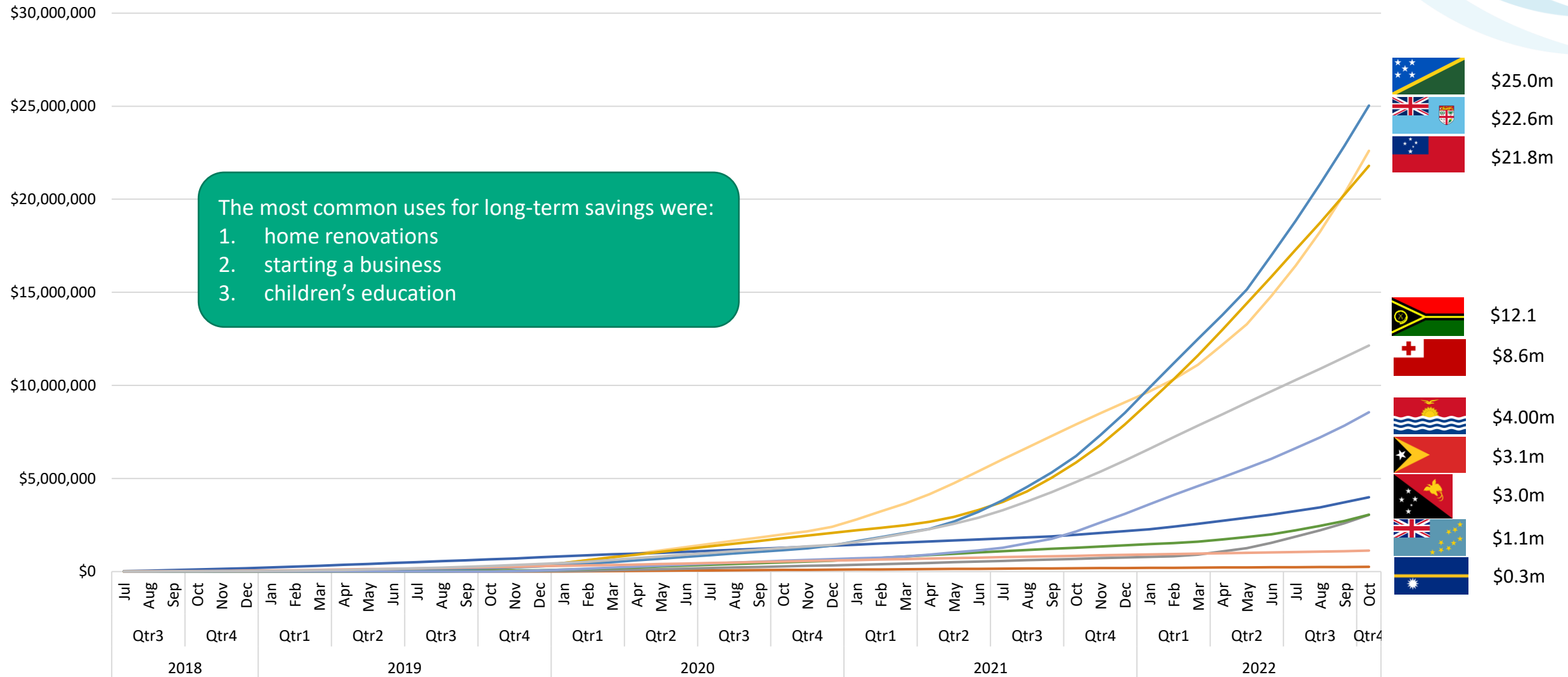
July 2018 to October 2022

Non-Exhaustive



An estimated \$101m has been remitted to the Pacific by long-term PALM scheme workers since inception of the PLS

Estimated Cumulative Remittances from July 2018 to October 2022 (\$AUD)

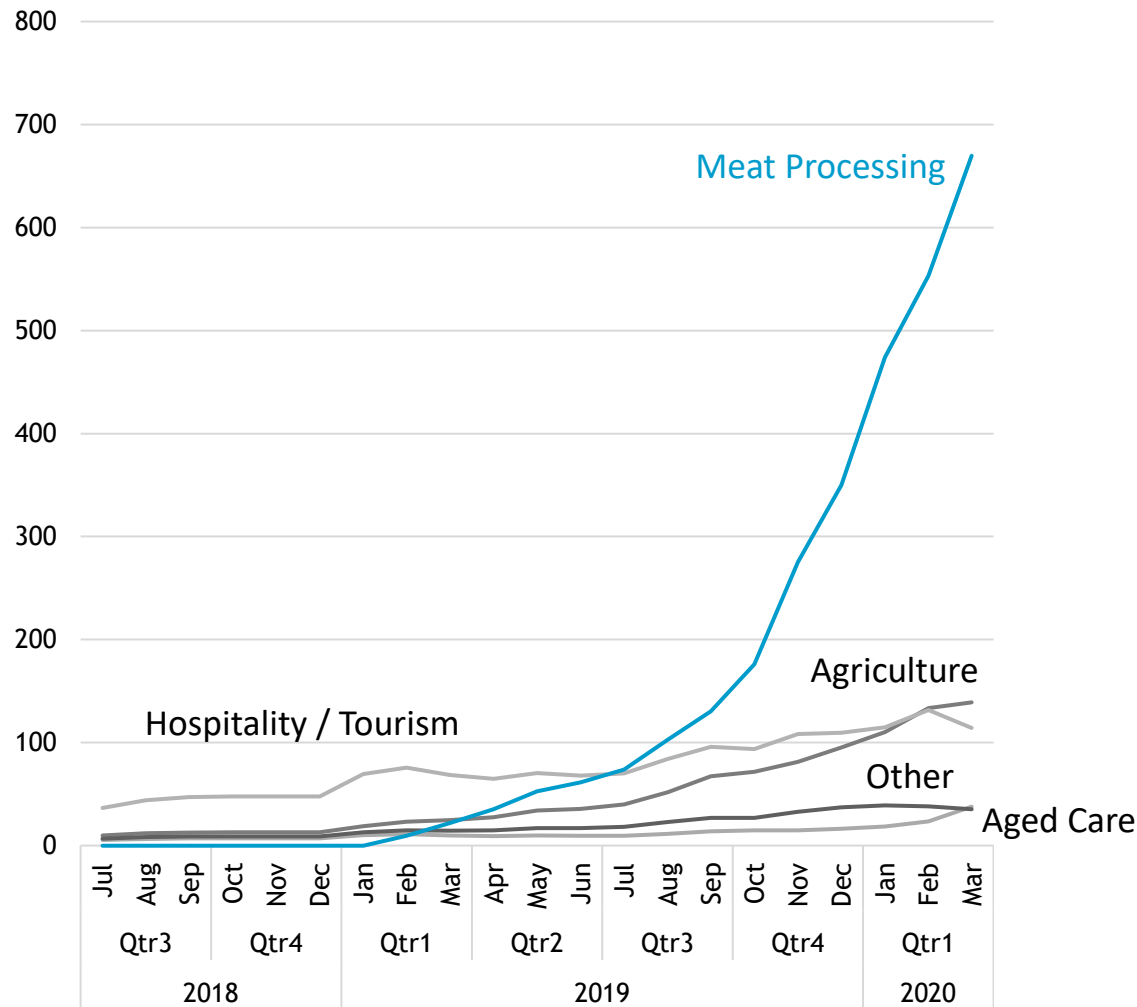


Creating the Triple Win: PALM Stakeholder Responses During the COVID-19 Pandemic



The long-term PALM scheme (then PLS) grew modestly during its first year, with the meat processing industry beginning to engage large numbers of workers in year two

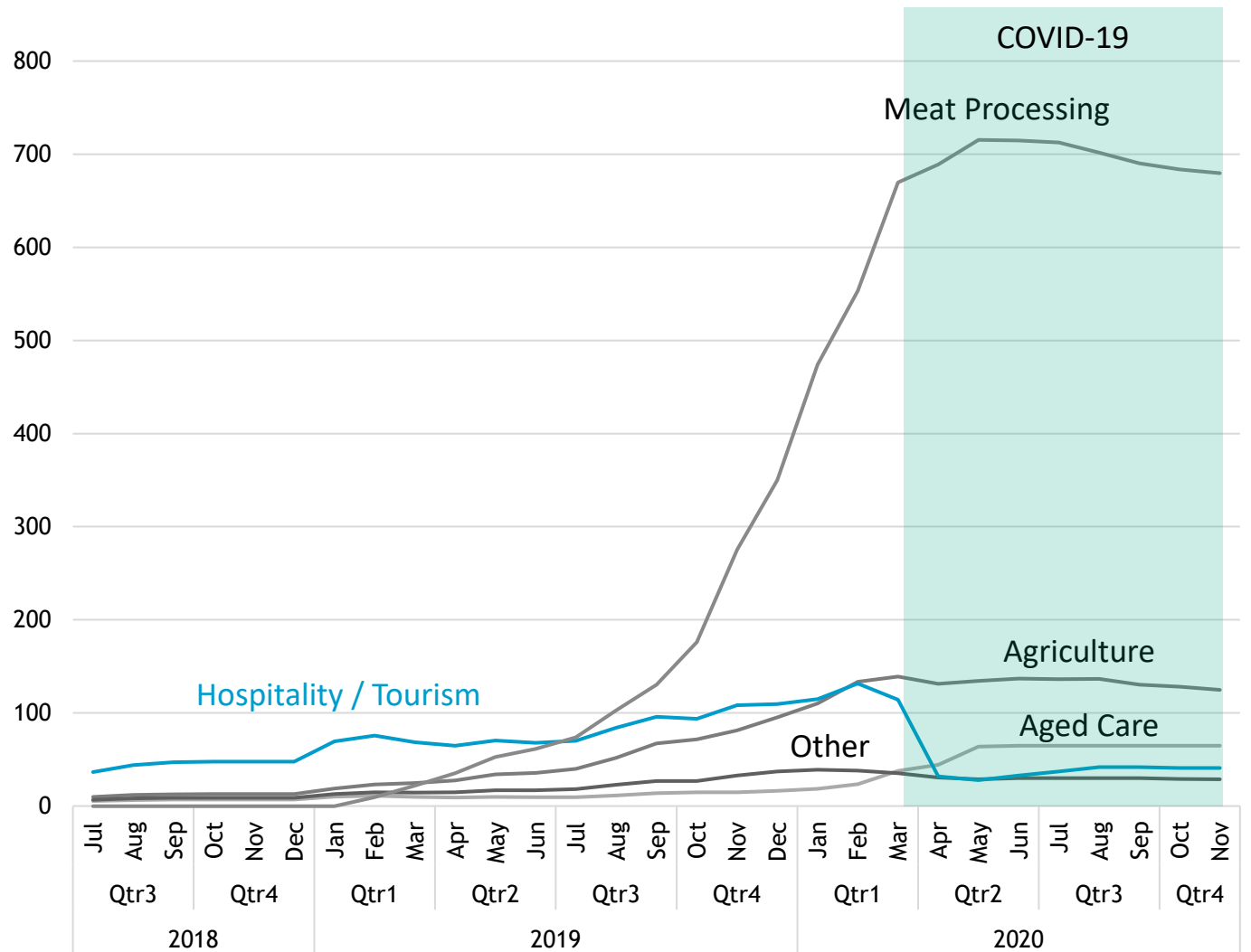
Worker numbers by industry: pre-COVID lockdowns (July 2018 - March 2020)



- The PLS (now PALM Scheme) started in July 2018 with 59 workers, predominately in hospitality, following the successful Northern Australian Workers Pilot Program
- Agriculture, aged care, and fishing all grew modestly, before meat processing led to rapid growth in worker numbers
- Following a labour market analysis and internal planning which looked at most likely prospects for growing the scheme, we became focused on:
 - Meat processing
 - Agriculture
 - Aged care

Just as growth was accelerating, the COVID-19 pandemic closed all borders and halted migration - many workers were redeployed or returned home during this period

Worker numbers by industry: during border closures (July 2018 - November 2020)



- March 15: All international arrivals required to self isolate
- March 19: Australian border closes to non-residents
- March 22: Stage 1 restrictions (hospitality closes)
- March 26: Travel restricted to remote areas
- April 4: PALM workers allowed to retain visas whilst lowering hours worked

Whilst hours were reduced significantly, PALM workers increased remittances in across all industries except hospitality.

Whilst hospitality experienced the sharpest decline, all industries experienced disruption and saw workers redeployed both to new industries and regions

Redeployment of workers during COVID-19 lockdowns



Face to face worker support became logistically difficult during the pandemic, leading to new methods of connection and delivery

COVID-19: the changing welfare response

Pre-COVID Worker Support

- **PLF driven:** PLF supported all worker mobilisations to Australia and provided a cash advance + mobile phones for newly arrived workers.
- **Individual case work:** PLF worker support staff would conduct regular in-person welfare checks and would provide one-to-one support to workers over the phone.
- **Worker hotline:** 24/7 hotline for workers to call PLF for immediate advice/support. (Note: Hotline continues in Post-COVID context).

Worker Support During COVID

Early COVID (closed borders):

- **Redeployment support:** Connecting workers who lost their jobs to new employers.
- **PLF remote/virtual support:** Social media information on lockdowns, virtual support through online bible studies and prayers.

Latter COVID (open border to Pacific workers):

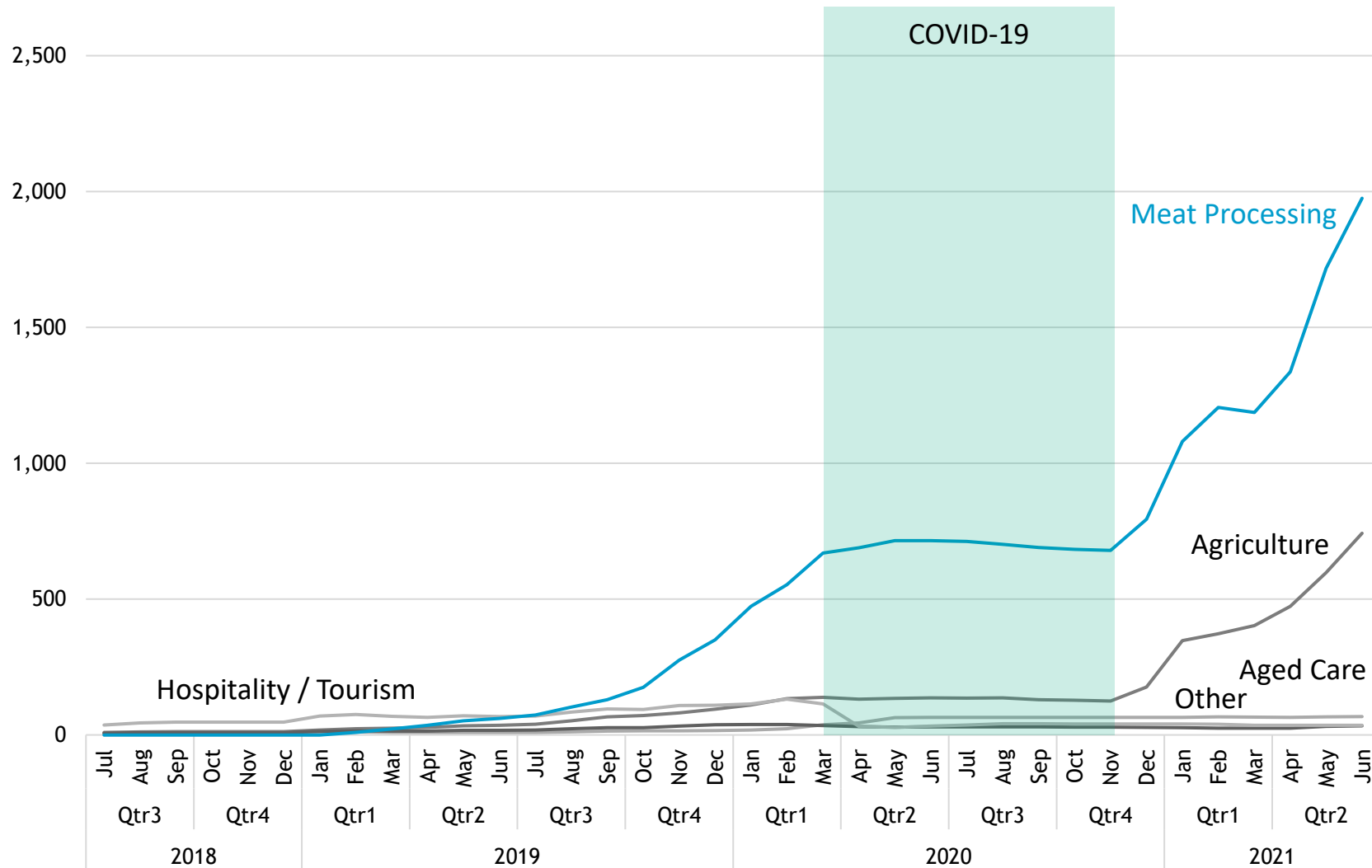
- **Expanded role for employers in worker support:** Transfer of in-Australia worker mobilisation activities to employers.
- **Increased capacity support to employers:** focused on implementation of requirements in deed and guidelines.

Post-COVID Worker Support

- **Community of care approach:** transferring to a broader/more holistic system of support, recognising worker agency.
- **Regional accelerator forums:** to facilitate local relationships and to increase employer and worker connections to local community groups.
- **Greater focus on cultural competency:** improving stakeholder understanding of and engagement with different cultures.
- **Emphasis on self-learning:** PLF producing, disseminating and translating critical information for workers and employers.
- **AE capacity building:** Regional relationship model focused on building AE capacity to provide worker support and to respond to incidents.

Pacific labour mobility restarted with 162 workers in the Northern Territory mango pilot; with meat processing and agriculture quick to hire workers

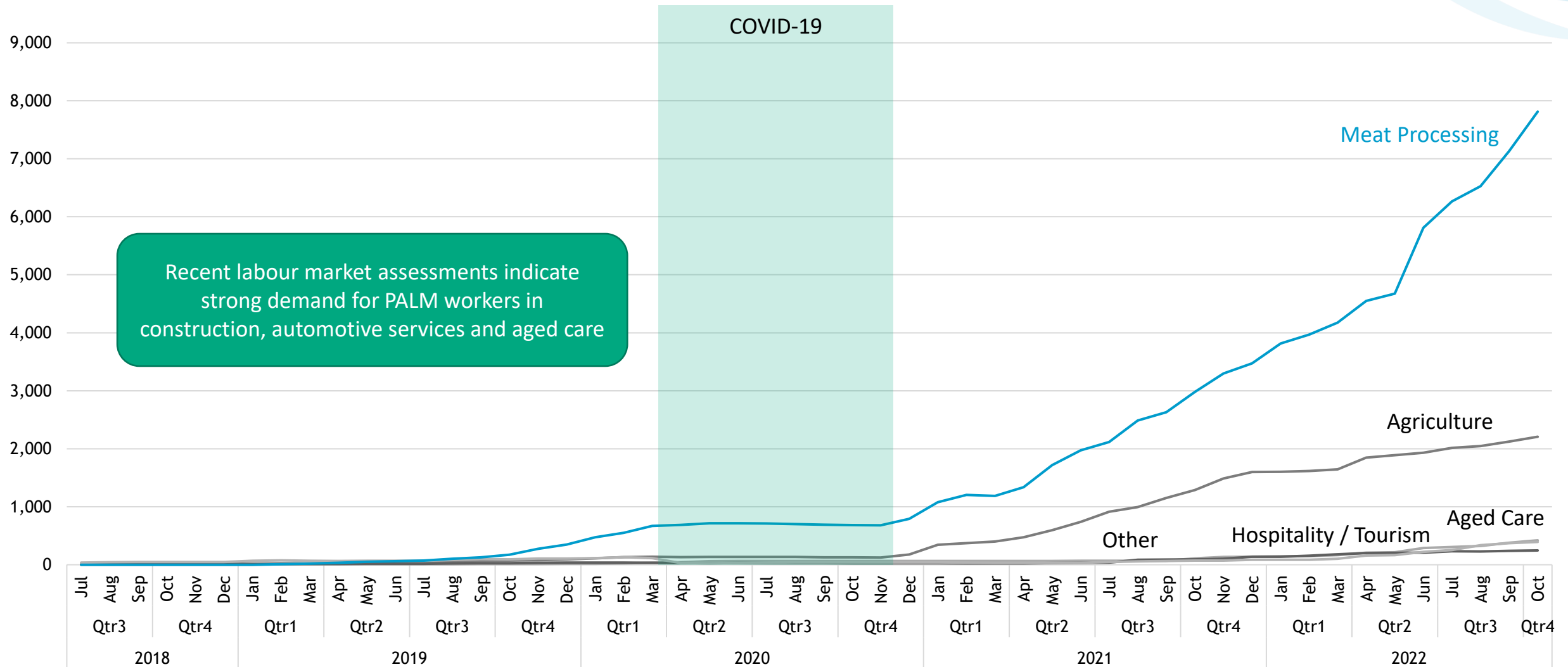
Worker numbers by industry: labour mobility restart (July 2018 – June 2021)



- Pacific labour mobility ceased for 8 months, between March and November 2020.
- In September 2020, Pacific labour mobility resumed with 162 workers arriving in the Northern Territory for the mango pilot, paving the way for rapid scaling to meet Australian demand.
- Pacific nations were heavily impacted by COVID-19 and many were keen to scale up participation in the scheme. LSUs were supported by Australia to increase their capacity and the flow of workers.
- Approved employers bore a considerable cost during this period, including hotel quarantine and expensive charter flights.

Whilst meat processing and agriculture continue to dominate the scheme, an increasing demand for semi-skilled workers will see the scheme diversify industries

Worker numbers by industry: complete history (July 2018 – October 2022)

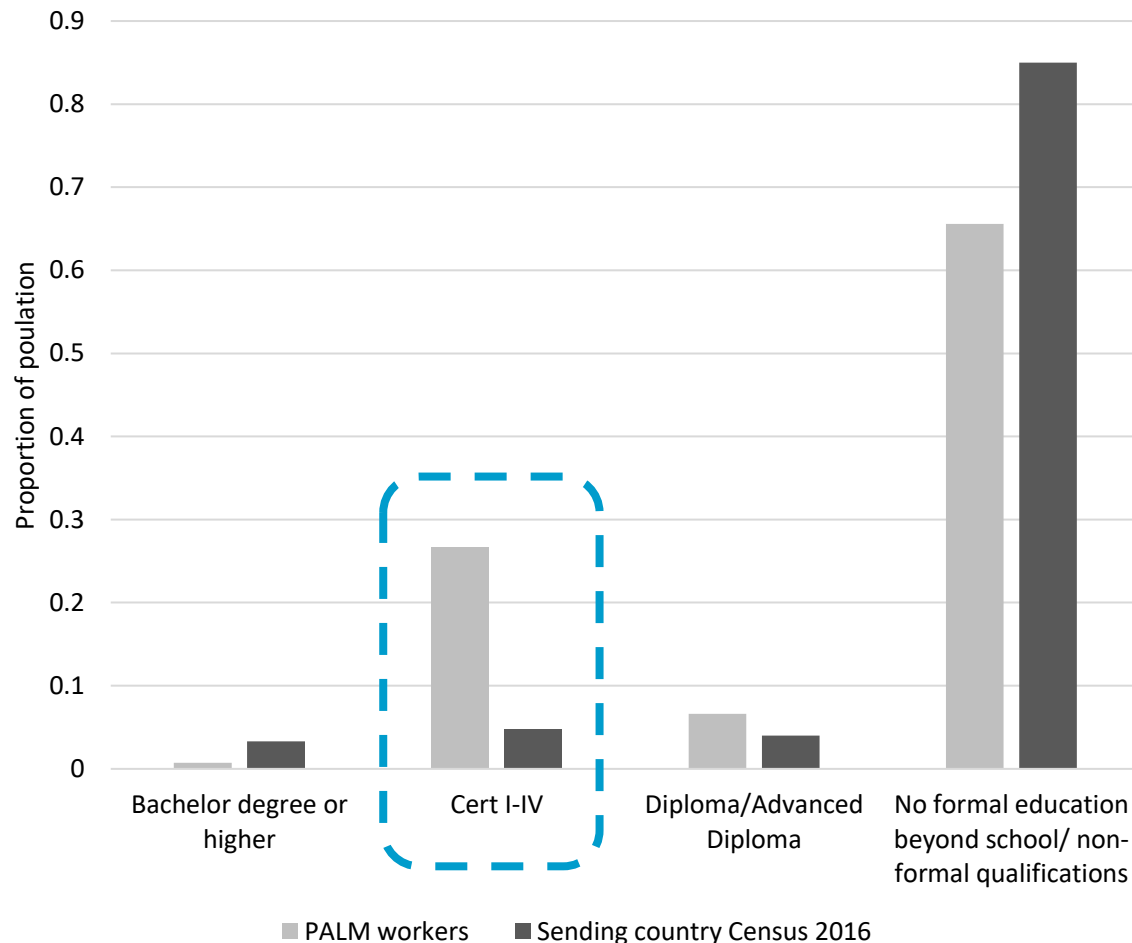


Challenges and Opportunities for Improvement



The growth of the PALM scheme has noticeably reduced the available supply of workers in the sending countries, particularly for certain skill sets and cohorts

Indicative PALM worker qualifications compared with sending country national average

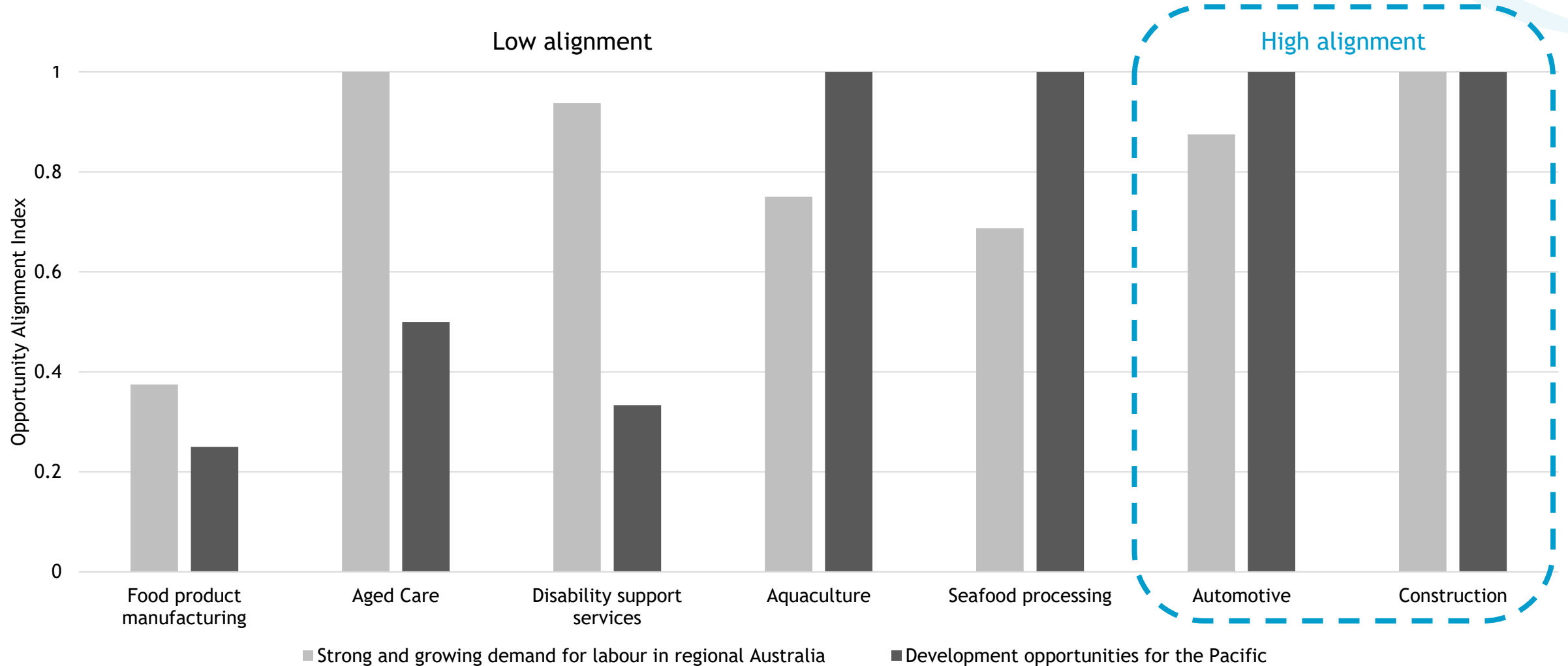


Negative economic consequences of the PALM Scheme

- There is evidence of skills drain and skills misalignment
 - Growth in PALM scheme means some partner countries having over 1% of their working age population currently engaged in Australia under PALM – potentially a significant portion of vocationally skilled young people.
 - Results from the PLF pre-departure survey indicate that only 25% of PALM workers were placed in industries in which they had experience of qualifications.
 - Higher skilled workers from sending countries are on occasion filling positions in Australia outside their professional discipline (E.g workers in meat processing had experience in professions such as carpentry, teaching, mechanical work, and security).
- Sending countries can control who participates in the PALM scheme and the number of people coming from their country – but the Australian Government committed to getting the settings right –we do want to implement a scheme that deprives the Pacific of its skilled workforce.

The different composition of the Australian and Pacific economies often results in a misalignment of skills and lessens the benefits of circular labour mobility

Alignment of industry opportunities for PALM participants



Families of PALM workers face risks of relationship breakdown as a result of extended periods of family separation

Rapid analysis of family separation issues and responses (Withers, 2021)

Social issues relating to family separation

- **Extramarital affairs:** most commonly identified social issue, interrelated with financial issues (not remitting enough back home) and lifestyle factors (lack of socio-cultural structures) in Australia.
- **Misunderstanding between workers and families:** differences in understanding regarding financial expectations and actual remittances, as well as communication arrangements leading to increased tension between partners.
- **Strain on managing childcare and domestic responsibilities:** emotional strains endured by workers and children during periods of extended separation, potential child welfare concerns as a result of reduced remittances or separation of parents.

Addressing family separation

- **Involve families in pre-departure briefings (PDBs) and training:** families are already being involved in PDBs in several countries, but at a limited scale. “Famili I Redi” in Vanuatu aims to prepare couples/families for labour mobility separation. Initial results are positive and there is interest to expand this program to other sending countries.
- **Additional resources for LSUs to manage social issues:** several LSUs have hired welfare officers to support workers and families involved in labour mobility.
- **Family accompaniment:** the new Australian Government policy (to be implemented from 2023-24) aims to minimise the impacts of extended family separation by allowing PALM families to live and work in Australia.
- **Government is committed to improving the PALM scheme –** addressing these social issues will be key

New measures have been announced to strengthen the PALM scheme and the links between regional Australian and Pacific communities

Building the future of the PALM Scheme

- The Government is committed to expanding and improving the PALM scheme, particularly for workers - the October delivered (in part) on this commitment
 - A more supported family accompaniment model (with Family Tax Benefit and Child Care Subsidy)
 - funding a further 500 PALM scheme workers to complete their Certificate III in Individual Support (Ageing) to work in the aged-care sector in Australia
 - expand worker numbers to 35,000 by June (noting that scheme remains uncapped)
 - Dedicated resources to intensify action against unscrupulous operators encouraging workers to disengage from the scheme
- But there is more to do, and the Government is listening – committed to support countries to participate in the scheme in the manner which best aligns their development aspirations with opportunities available in the Australian labour market
 - Participating countries make decisions about the extent and nature of their participation in the scheme, including which workers can register – we respect these decisions.
 - Committed to building the overall stock of workers in the Pacific to ensure a ‘brain gain’ not a ‘brain drain’ – directly under PALM, bilaterally and regionally through investments such as the APTC.
 - Better alignment between job opportunities in Australia and priority sectors for participating countries Pacific, and stronger focus on supporting workers to reintegrate.