



Pacific Labour Scheme



Preliminary Examination into the Implications and Impacts of Family Accompaniment

ANU Pacific Migration Research Workshop, 17 June 2021

The Pacific Labour Scheme seeks to fill labour shortages in regional Australia while boosting the remittance economies of the Pacific and Timor-Leste

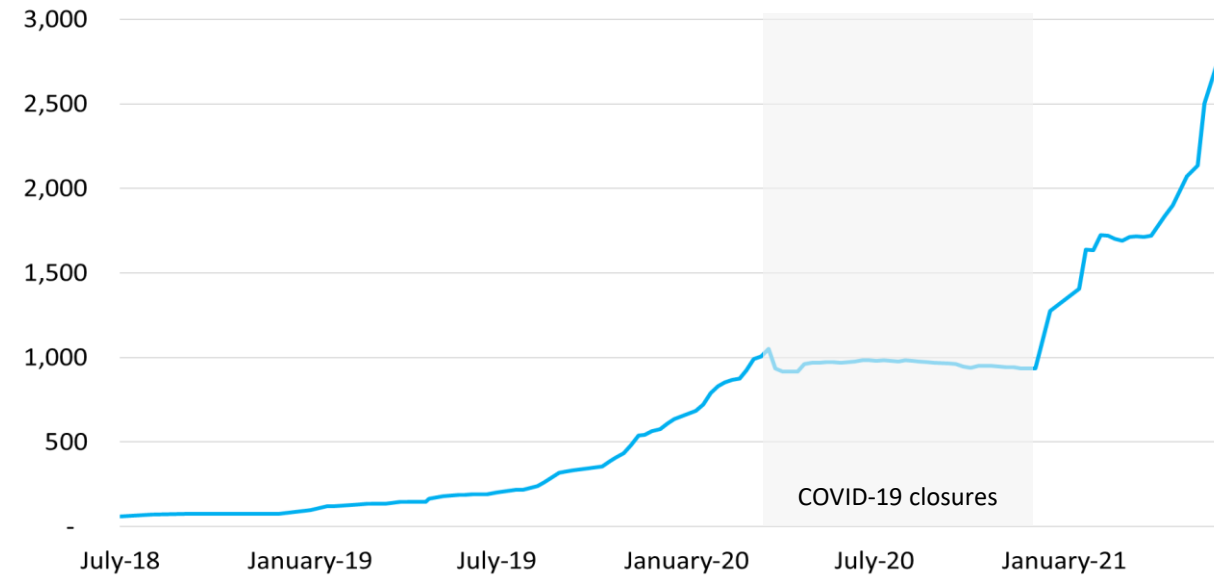
Overview of the Pacific Labour Scheme

- The Pacific Labour Scheme **commenced in 2018**
- The PLS helps to address workforce shortages in **low and semi-skilled** roles in **rural and regional** Australia while providing **work opportunities and remittances** for nine PICs and Timor Leste
- Majority of PLS visas are **3 years** in duration
- Workers between the ages of 21 and 45
- **Workers only, not family members**
- Approximately **56% of PLS participants are married** or in a long-term de-facto relationship*



Since commencement in 2018, the PLS has grown to have over 2,900 workers currently in Australia - despite the ongoing impacts of COVID-19

Number and characteristics of PLS workers in Australia



- 17% of participants are women
- 30% of workers are from Fiji, followed by 25% from the Solomon Islands, 17% from Vanuatu and 11% from Samoa
- 69% are employed in meat processing and 26% in agriculture

Economic and material benefits of temporary PLM are better recognised and known than the social costs for workers and families

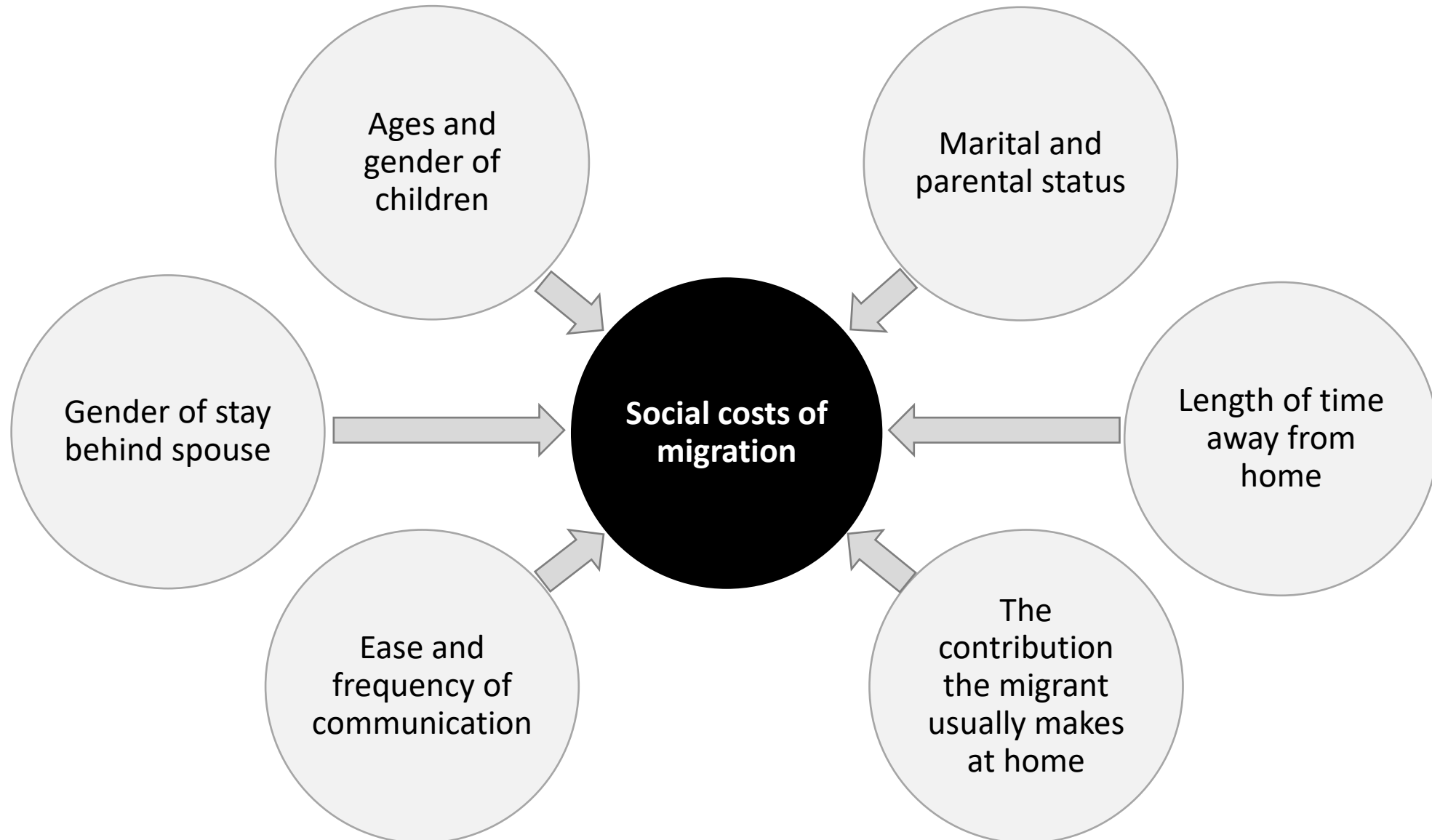
Benefits & costs of temporary migration for workers and families

- Economic benefits of migration – remittances, skills gain and transfer to country of origin
- Social costs for worker and/or stay behind family members:
 - **changed household roles** and family relationships
 - disharmony/**breakdown in spousal relationships**
 - **psychological hardship**
- Social costs for stay behind children:
 - losing the presence of one or more parent(s) – may be **adverse psycho-social, health and educational outcomes**



The social costs of migration are multi-faceted and differ greatly amongst participants of labour migration programs

Influencing factors on social costs of migration



Normative views on the rights of ALL temporary migrant workers, regardless of skill level, differ to reality in Australia and most other developed economies

Normative views on temporary visas for low and semi-skilled workers

Current policies of selected Australian temporary visas and skill level

	Normative view 1	Normative view 2
Family accompaniment	✓	✓
Welfare state benefits	?	✓
Permanent residency	✗	✓



	Low & semi-skilled workers	High skilled workers
	✗	✓
	✗	Partial until P.R.
	✗	✓

A difference in occupations and skill level between TSS and PLS visas has a significant impact on earnings - with implications for savings and living expenses

Selected comparison of Temporary Skill Shortage (TSS) and PLS visa holders

	TSS visa holders (subclass 482)	PLS visa holders (subclass 403)
ANZSCO skill level	<ul style="list-style-type: none"> ▪ Skill Level 1: 75% ▪ Skill Level 2: 12% ▪ Skill Level 3: 13% ▪ Skill Level 4: 1% ▪ Skill Level 5: <1% 	<ul style="list-style-type: none"> ▪ Skill Level 1: - ▪ Skill Level 2: - ▪ Skill Level 3: <1% ▪ Skill Level 4: 3% ▪ Skill Level 5: 96%
Most common occupations	<ol style="list-style-type: none"> 1. Software engineer: 7% 2. Medical officer: 7% 3. Programmer developer: 4% 	<ol style="list-style-type: none"> 1. Meat process worker: 69% 2. Agricultural labourer: 26% 3. Aged care worker: 2%
Average earnings / Average Australian earnings*	\$ 109,300 / 123%	\$ 41,000 / 46%
Access to subsidised health care	Partial until P.R. **	No
Permanent residency pathway	Yes	No
Family accompaniment	Yes	No

* average weekly ordinary time earnings for full-time adults', Nov 2020, ABS, annualized

** for people from countries with a Reciprocal Health Care Agreement (RHCA) with Australia



Financial implications of family accompaniment for workers and families

6 typical family structures were modelled, with Wagga Wagga in NSW used as a benchmark for accommodation costs and many other local expenses

Family structure scenarios

Couple without children	Both adults working
	Spouse of PLS worker not engaged in paid employment
Small family of 4	2 young children in daycare, both adults working
	2 young children, spouse of PLS worker caring for children
Large family of 6	4 older children, both adults working
	4 children of mixed ages, spouse of PLS worker caring for children

Assumptions of the financial model

- Earnings: PLS worker average of \$40,836. Spouse income discounted for likelihood and search times
- Single worker cost of living: PLS worker average of \$12,816
- Couple and family cost of living: New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians, Saunders and Bedford, UNSW
- Accommodation: Average two-bedroom unit, and three-bedroom townhouse in Wagga Wagga, NSW, for couples and families respectively
- Childcare: \$90 per day per child, no subsidy
- Health care and Medicare have not been included at time of writing

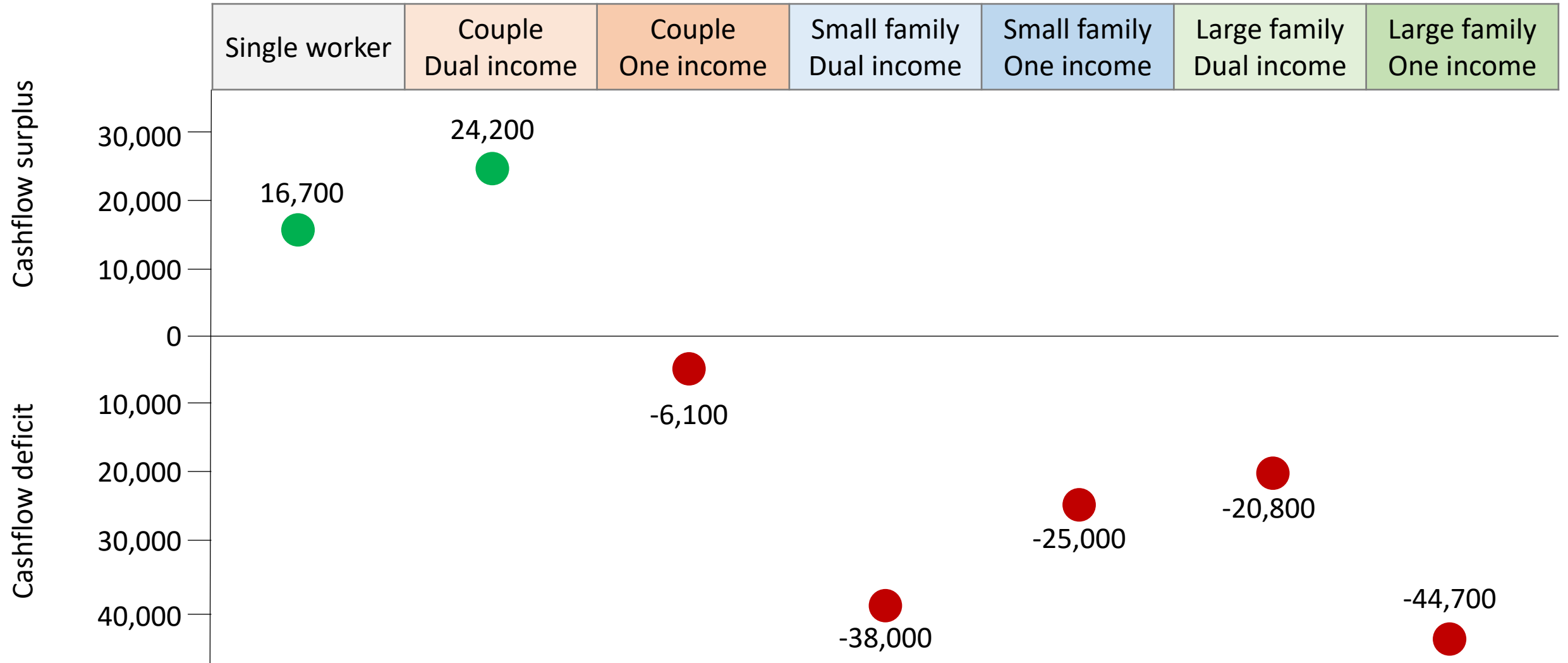
Unsubsidised childcare was the single largest expense for families: with two children at \$90 a day, the costs are greater than the average PLS worker wage

Expenses by family structure, \$AUD (rounded to nearest 100)

	Single worker	Couple Dual income	Couple One income	Small family Dual income	Small family One income	Large family Dual income	Large family One income
Living expenses	12,800	24,400	24,400	36,500	36,500	54,600	51,600
Accomm.	6,700	17,300	17,300	22,900	22,900	22,900	22,900
Mobilisation	600	1,200	1,200	2,400	2,400	3,600	3,600
Childcare / education	-	-	-	43,200	-	6,800	3,400
Total	20,100	42,900	42,900	105,000	61,800	87,800	81,400

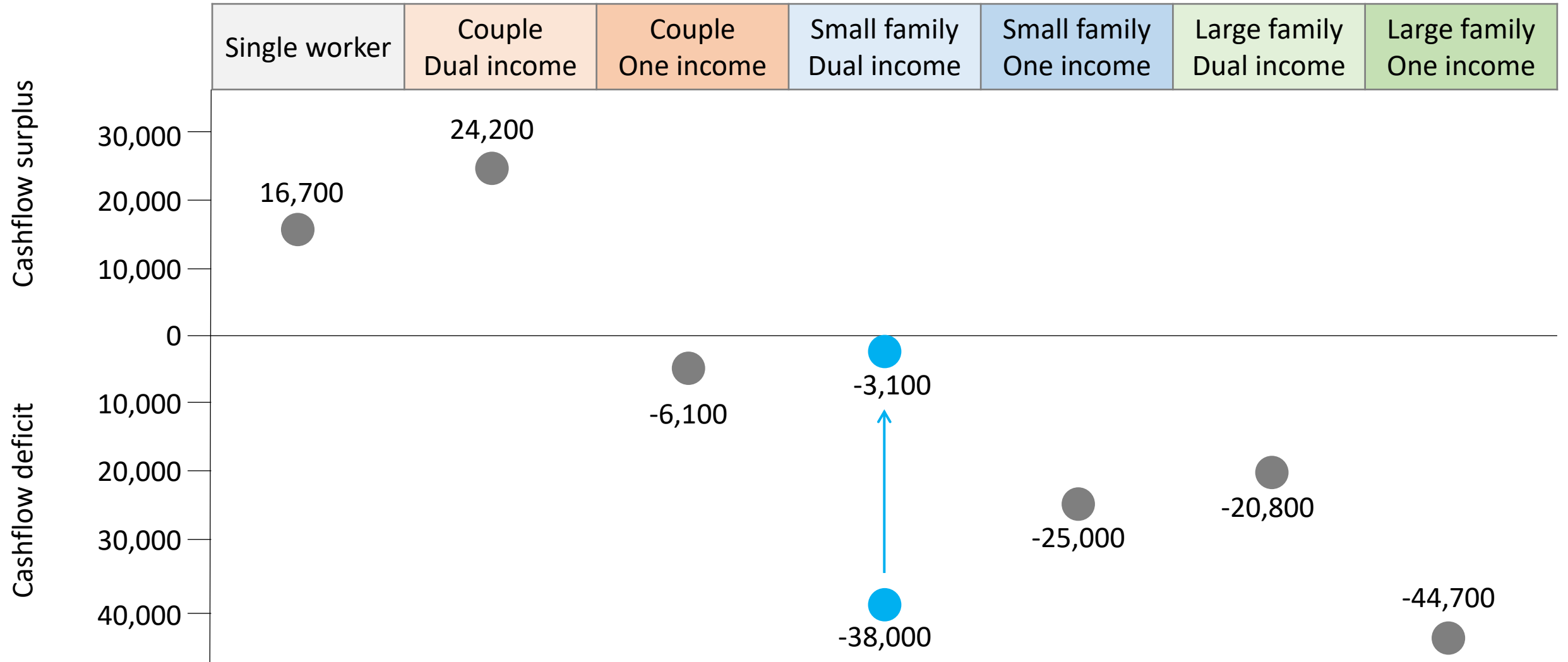
Only childless couples had a positive cashflow position; all scenarios involving dependent children had a cashflow deficit, particularly single income parents

Estimated annual cashflow position by family structure



Access to the Child Care Subsidy significantly improved the financial position of dual income family with young children

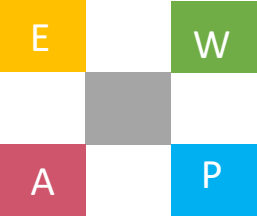
Scenario: Impact of the Child Care Subsidy on a small PLS family





Implications for stakeholders

Issues that may arise if family accompaniment were to be included in the PLS - examined by stakeholder



Employers



Workers and their families

Family Accompaniment



Australian government, society and economy



Pacific government, society and economy



Employers may face greater challenges with workers' bringing family members, but with some potential positives in the workplace

Implications of family accompaniment for approved employers

Reduced ability to redeploy workers when in Australia – particularly for seasonal harvests and operations?

Less absconding?

Increased upfront mobilisation costs, and timing constraints with school terms – *assuming AE's also upfront family mobilisation costs*



Increased workload for AE's – accommodation, mobilisation and welfare support

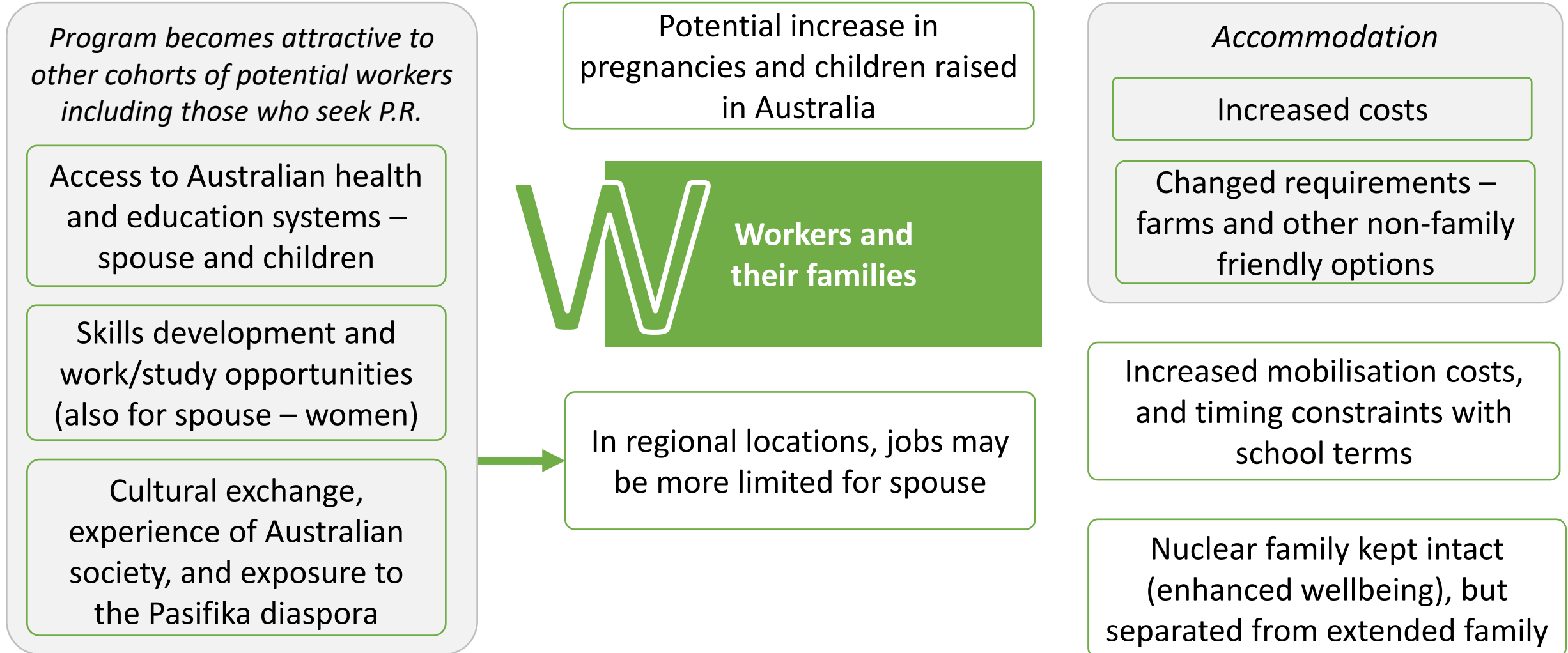
More stable workforce, able to offer promotions to workers
If these services are extended to PLS visa holders

Increased worker productivity?

Increased accommodation costs and changed requirements – particularly on-farm and non family friendly options

The increase in expenditure, both mobilisation and ongoing, would be offset by exposure to Australian services and employment opportunities for the spouse

Implications of family accompaniment for workers and their families

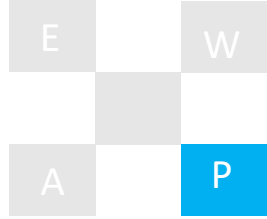


While impacts on Australian services will be negligible at a national level, there will be measurable impacts on rural and remote economies

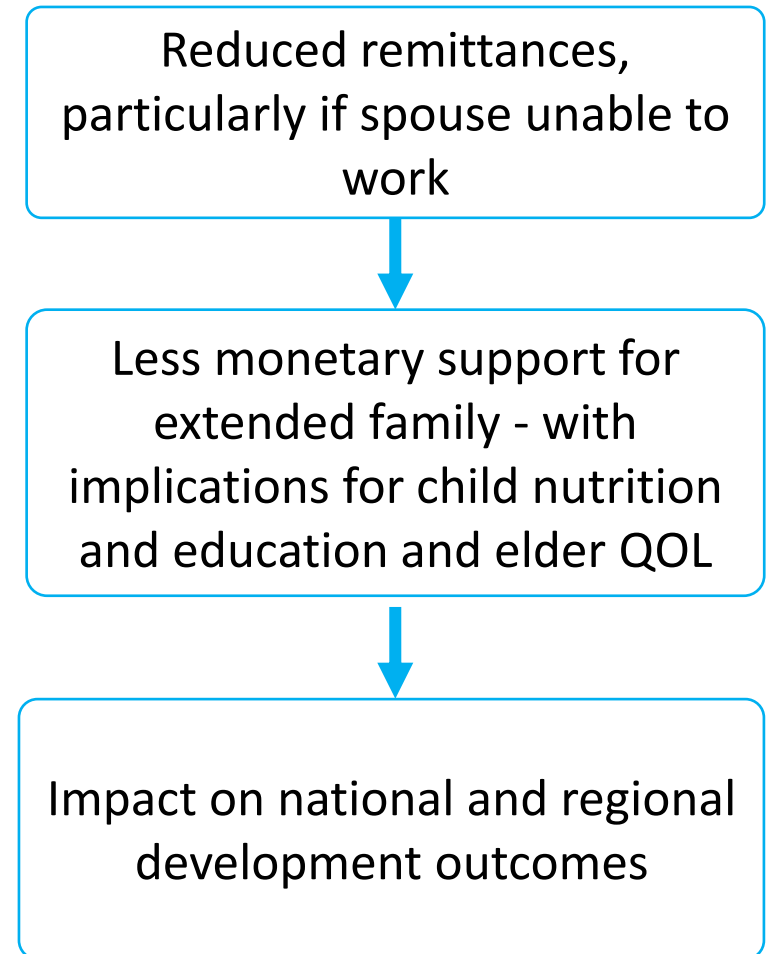
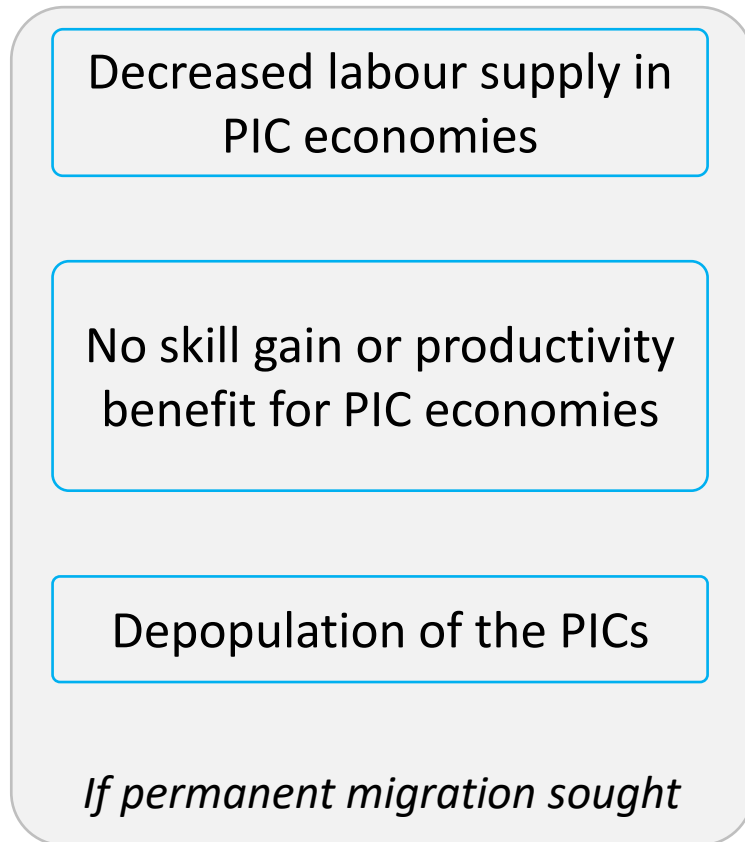
Implications of family accompaniment for Australian government, society and economy



Due to reduced worker savings while in Australia, Pacific economies would experience a reduction in remittances to the extended family and community



Implications of family accompaniment for Pacific government, society and economy



Key findings of the family accompaniment analysis under the PLS, with and without permanent residency

- We assume **greater wellbeing for PLS workers and their families**, but **government subsidies will be necessary to maintain a healthy standard of living** for most family scenarios, except for childless couples (if they both engage in paid employment)
- There are considerable **development trade-offs and costs to Australia**, including:
 - if family accompaniment is permitted, funding the cost of childcare, health and other subsidies
 - if permanent residency pathway enabled, reduced benefits to Australian economy due to lower lifetime tax revenues from low income earning migrants relative to high income earning migrants
- **Remittances to PICs and Timor Leste will be reduced**, and the PLS would attract workers for reasons other than sending remittances over the short-to-medium-term
- **Employers may face a greater burden of care** but potentially be rewarded with a more stable workforce (with P.R.)

Conclusion (2/2)

Arguments for family accompaniment with and without permanent residency pathways for PLS visa holders

- Independent of permanent residency pathways:
 - Higher chance of **reducing social costs** for workers and families
 - Basic **human rights** – for all temporary migrants, skilled, semi-skilled and low skilled
- If permanent residency pathways are considered:
 - Relief for **youth bulge and youth unemployment** in Melanesian PICs and Timor Leste
 - As a **climate change adaptation measure** for sea level rise, tidal surges and natural disasters



Pacific Labour Scheme



Q&A