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*

*Based on the worker Cost of Living survey conducted in 2020
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:

- Ages and gender of children
- Marital and parental status
- Gender of stay behind spouse
- Ease and frequency of communication
- Length of time away from home
- The contribution the migrant usually makes at home
Normative views on the rights of ALL temporary migrant workers, regardless of skill level, differ to reality in Australia and most other developed economies.

<table>
<thead>
<tr>
<th></th>
<th>Normative view 1</th>
<th>Normative view 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family accompaniment</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Welfare state benefits</td>
<td>?</td>
<td>✓</td>
</tr>
<tr>
<td>Permanent residency</td>
<td>✗</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Current policies of selected Australian temporary visas and skill level**

<table>
<thead>
<tr>
<th></th>
<th>Low &amp; semi-skilled workers</th>
<th>High skilled workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family accompaniment</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Welfare state benefits</td>
<td>✗</td>
<td>✗ Partial until P.R.</td>
</tr>
<tr>
<td>Permanent residency</td>
<td>✗</td>
<td>✓</td>
</tr>
</tbody>
</table>
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**

<table>
<thead>
<tr>
<th>ANZSCO skill level</th>
<th>TSS visa holders (subclass 482)</th>
<th>PLS visa holders (subclass 403)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skill Level 1:</td>
<td>75%</td>
<td>Skill Level 1: -</td>
</tr>
<tr>
<td>Skill Level 2:</td>
<td>12%</td>
<td>Skill Level 2: -</td>
</tr>
<tr>
<td>Skill Level 3:</td>
<td>13%</td>
<td>Skill Level 3: &lt;1%</td>
</tr>
<tr>
<td>Skill Level 4:</td>
<td>1%</td>
<td>Skill Level 4: 3%</td>
</tr>
<tr>
<td>Skill Level 5:</td>
<td>&lt;1%</td>
<td>Skill Level 5: 96%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Most common occupations</th>
<th>TSS visa holders</th>
<th>PLS visa holders</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Software engineer: 7%</td>
<td>Meat process worker: 69%</td>
</tr>
<tr>
<td>2.</td>
<td>Medical officer: 7%</td>
<td>Agricultural labourer: 26%</td>
</tr>
<tr>
<td>3.</td>
<td>Programmer developer: 4%</td>
<td>Aged care worker: 2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average earnings / Average Australian earnings*</th>
<th>TSS visa holders $ 109,300 / 123%</th>
<th>PLS visa holders $ 41,000 / 46%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Access to subsidised health care</th>
<th>Partial until P.R. **</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent residency pathway</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Family accompaniment</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

* 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

<table>
<thead>
<tr>
<th>Family structure</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Couple without children</td>
<td>Both adults working</td>
</tr>
<tr>
<td></td>
<td>Spouse of PLS worker not engaged in paid employment</td>
</tr>
<tr>
<td>Small family of 4</td>
<td>2 young children in daycare, both adults working</td>
</tr>
<tr>
<td></td>
<td>2 young children, spouse of PLS worker caring for children</td>
</tr>
<tr>
<td>Large family of 6</td>
<td>4 older children, both adults working</td>
</tr>
<tr>
<td></td>
<td>4 children of mixed ages, spouse of PLS worker caring for children</td>
</tr>
</tbody>
</table>

#### 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**: Not 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)

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

<table>
<thead>
<tr>
<th>Family Structure</th>
<th>Cashflow Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single worker</td>
<td>16,700</td>
</tr>
<tr>
<td>Couple Dual income</td>
<td>24,200</td>
</tr>
<tr>
<td>Couple One income</td>
<td>-6,100</td>
</tr>
<tr>
<td>Small family Dual income</td>
<td>-38,000</td>
</tr>
<tr>
<td>Small family One income</td>
<td>-25,000</td>
</tr>
<tr>
<td>Large family Dual income</td>
<td>-20,800</td>
</tr>
<tr>
<td>Large family One income</td>
<td>-44,700</td>
</tr>
</tbody>
</table>
Access to the Child Care Subsidy significantly improved the financial position of dual income family with young children.
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

Caveat: this section is a preliminary brainstorm of the issues that may emerge if family accompaniment were to be realised. They are not conclusive study findings.
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
- Increased accommodation costs and changed requirements – particularly on-farm and non family friendly options
- More stable workforce, able to offer promotions to workers

If these services are extended to PLS visa holders

Increased worker productivity?
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:

**Program becomes attractive to other cohorts of potential workers including those who seek P.R.**
- Access to Australian health and education systems – spouse and children
- Skills development and work/study opportunities (also for spouse – women)
- Cultural exchange, experience of Australian society, and exposure to the Pasifika diaspora

**Workers and their families**
- Potential increase in pregnancies and children raised in Australia
- In regional locations, jobs may be more limited for spouse

**Accommodation**
- Increased costs
- Changed requirements – farms and other non-family friendly options
- Increased mobilisation costs, and timing constraints with school terms
- Nuclear family kept intact (enhanced wellbeing), but separated from extended family

**Access to Australian health and education systems – spouse and children**

**Skills development and work/study opportunities (also for spouse – women)**

**Cultural exchange, experience of Australian society, and exposure to the Pasifika diaspora**
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

- Increased demand on services: education, health care, childcare, housing, other infrastructure
- Potential shortfall of services in rural and remote Australia
- Increased expenditure in rural and remote Australia
- Increased labour supply for Australian economy (if spouse choose to work/can find work)
- Additional tax revenue if spouse chooses to work/can find work

If these services are extended to PLS visa holders

Increased government expenditure on childcare subsidy, Medicare and rural services
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:

- Decreased labour supply in PIC economies
- No skill gain or productivity benefit for PIC economies
- Depopulation of the PICs
- Reduced remittances, particularly if spouse unable to work
- Less monetary support for extended family - with implications for child nutrition and education and elder QOL
- Impact on national and regional development outcomes

*If permanent migration sought*
Conclusion (1/2)

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