Read PALM numbers with more care and less political posturing

by Ryan Edwards

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Greens Senator David Shoebridge, Senate Estimates, 4 June 2026
Photo Credit: Australian Parliament House ParlView

A recent Senate Estimates discussion between Foreign Minister Penny Wong, Greens Senator David Shoebridge and several Australian Government officials (from ~19:42 here) has revived a simple question: when Pacific and Timorese workers earn money in Australia under the Pacific Australia Labour Mobility (PALM) scheme, where does it go?

The Australia Institute's answer to this question is that "between 65% and 78%" of PALM workers' post-tax income is "spent in the Australian economy". This is stated in a recent Australia Institute submission to a parliamentary inquiry. The claim has been repeated in another piece ironically billed as a fact-check.

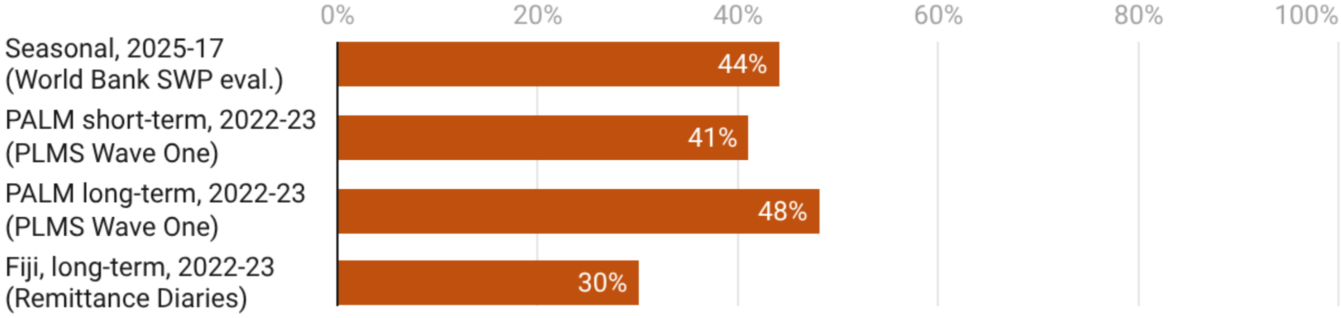
The Australia Institute says that its claim is based on a study I co-authored. It is wrong. The report's own figure is not 65 to 78% but 42%.

Table 2 of our report shows that the average PALM/RSE worker spends about 42% of their post-tax income in the host country: 41% in the short-term stream; 48% in the long-term stream. The remaining 58% is left to save or send home. On page 48, the report says:

"More than half of workers' incomes are saved, much of which is remitted. Strikingly, across all three schemes, the average worker reports, each month, spending just 42 percent of their income."

It couldn't be clearer, but we can also check other sources. The 2015-17 Seasonal Worker Program evaluation estimated spending in Australia to be around 44%. Our weekly financial diaries of Fijian long-term workers, collected for up to 12 months over 2022-23, put it lower still at around 30%, leaving 46% saved and 23% sent home. The evidence here is consistent: workers spend less of their pay where they work and keep the majority.

Figure 1: Share of post-tax pay spent in the host country, across studies



Source: World Bank SWP evaluation, Pacific Labour Migration Survey Wave One, Fiji Remittance Diaries.

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The spread from 30 to 48 cents in the dollar of workers' earnings spent in Australia in Figure 1 is a vivid illustration of the measurement problem. Spending looks lower in the diaries partly because most workers had paid off their flights (which raises deductions early in placements), weekly diaries catch what a single recall question cannot, and the diary sample is a select group of Fijians.

Remittances are difficult to measure. Some workers send a steady sum each fortnight; many do not. They top up for school fees or a funeral, skip a lean week, post gifts, or hand cash to a friend flying home. They move money through banks, money-transfer operators, mobile wallets and workers taking money home themselves. However, two large surveys and a more detailed financial diaries project have gone out and asked thousands of workers how much they spend, how much they save and how much they remit. They all come up with less than half in the spending category.

We can speculate where the Australia Institute went wrong. Perhaps they counted deductions as expenditures. Perhaps they wrongly assumed that money saved was later all spent in Australia. Whatever the reason, they are wrong and contradicted by the source they cite.

It is possible, indeed likely, that some of the money not recorded as spent in Australia in the surveys is spent in Australia prior to departure on goods to be transported back to the worker's home country. In theory this should be captured by our surveys; in practice, we probably don't get to talk to many workers in the final weeks before they return home. With most workers reporting sending a median of $500 weekly or fortnightly as their regular transfer, roughly 30% of post-tax income is sent home as a regular financial remittance. The approximately 28% remaining after expenses is saved. We don't know how much of that is taken home in cash and how much in goods. And it doesn't matter.

What we do know is that just over 40% of PALM worker income is spent in Australia while the worker is working and that the remaining majority share is available to them and their family as remittances and savings.

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