

Why do Australia’s seasonal worker numbers continue to fall?



Workers in a vineyard

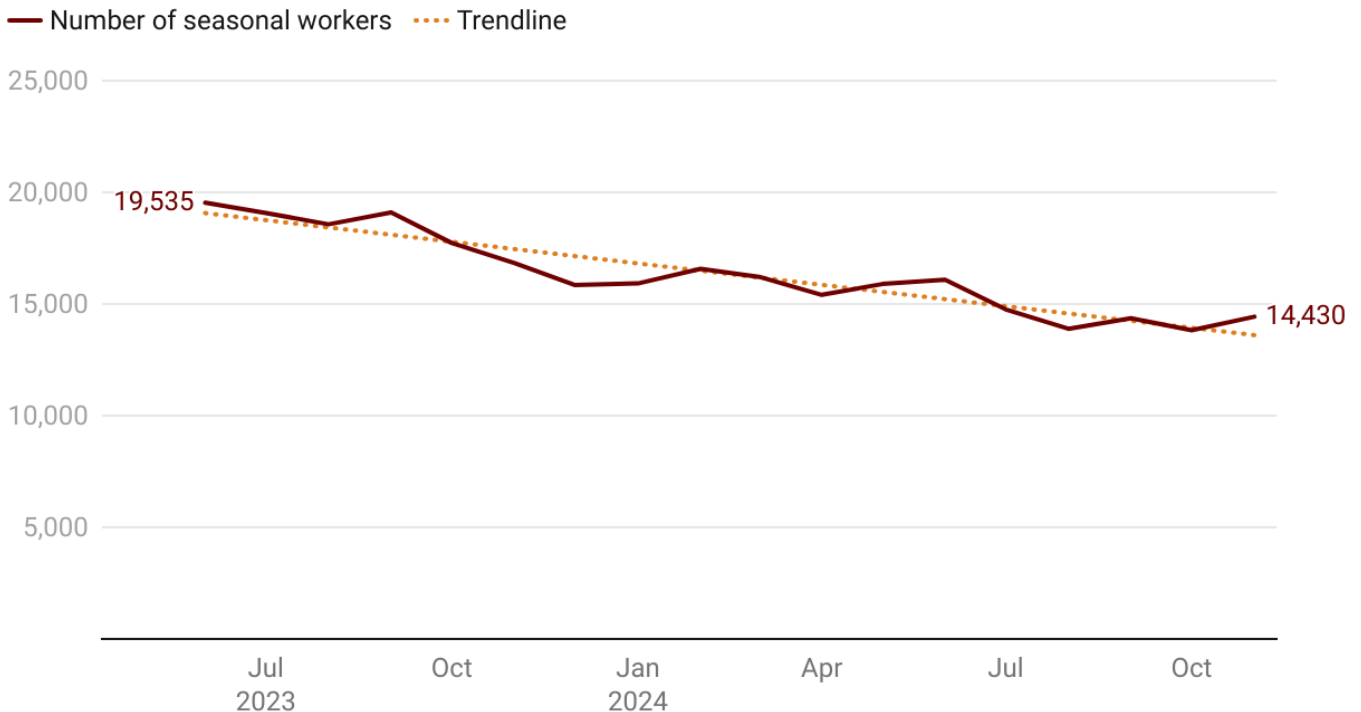
Photo Credit: [Unsplash/Tobias Rademacher](#)

by Richard Curtain

16 January 2025

The trend in Australian employer demand for seasonal workers — officially short-term Pacific Australia Labour Mobility (ST PALM) workers — from the Pacific and Timor-Leste continues to fall. Based on the latest PALM scheme monthly data, seasonal worker numbers in Australia fell by 26% between June 2023 and November 2024 (Figure 1). If ST PALM workers in agriculture alone are considered, the fall is from 19,370 in June 2023 to 14,015 in November 2024, a drop of 28%. This blog builds on [my earlier analysis](#) to explain this downward trend.

Figure 1: Number of ST PALM workers in Australia, June 2023 to November 2024



Source: Department of Employment and Workplace Relations, PALM scheme monthly data report - April 2022 to November 2024. • Created with Datawrapper

A major cause of lower employer demand for seasonal workers appears to be the increasing availability of an alternative supply of lower cost and more flexible foreign

workers at harvest time. These are the working holiday makers (WHMs, also known as backpackers).

The increase in backpacker numbers has been huge. From a pre-COVID average of 140,298 backpackers in Australia between June 2017 and December 2019, the number of WHM visa holders has reached an average of 180,000 over the four quarters to the end of September 2024. **By the end of November 2024**, the total number of WHM visas holders in Australia had jumped to as many as 213,394.

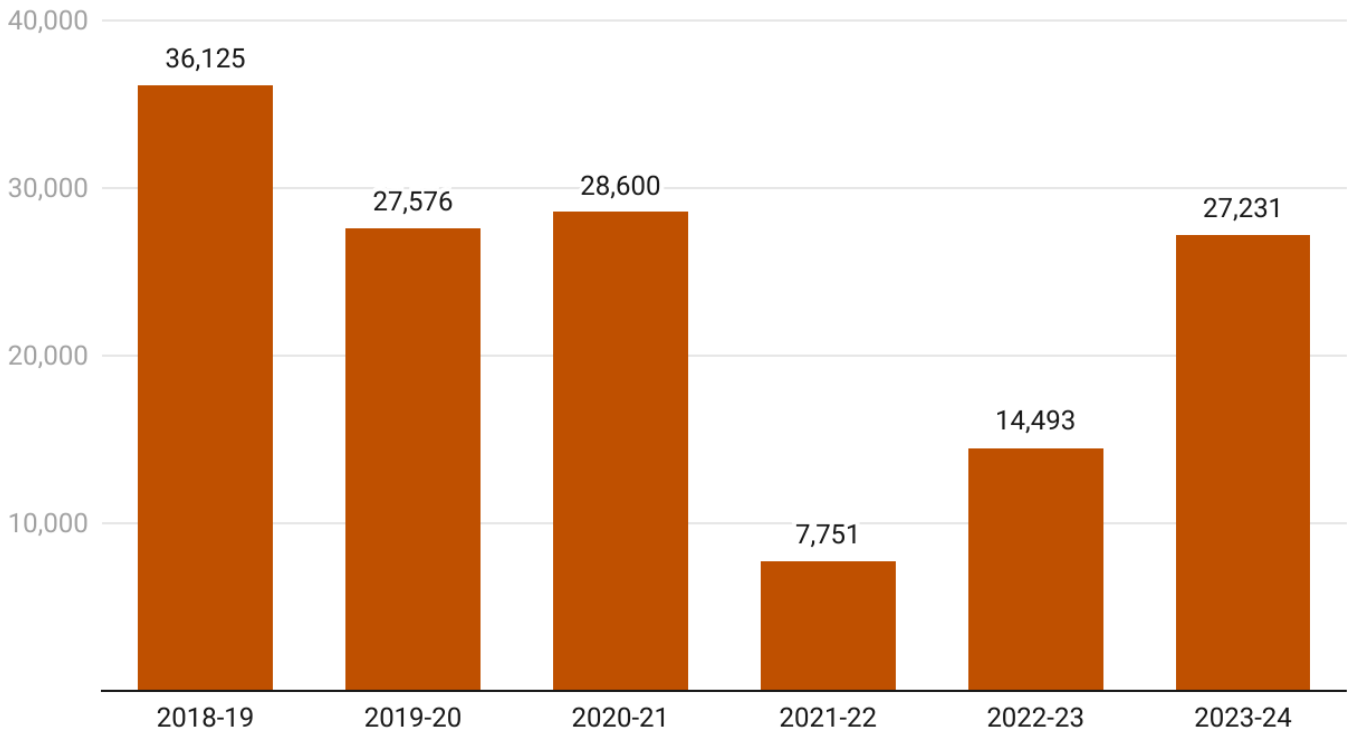
The OECD in its **International Migration Outlook 2024** (page 27) has noted that this huge influx of temporary workers has resulted in Australia's having nearly as many working holiday makers as the other OECD countries put together in 2023 (46% of the total).

To assess the impact of this increase on the rural workforce, overall backpacker numbers need to be further interrogated to reveal the actual number working in agriculture. For this we can use data on second and third-year visa approvals. These data refer to visas granted, not current visa holders in Australia, as reported above for backpackers overall. Eligibility for a second and third-year WHM visa is based on proof of prior work in a specified industry in a rural and regional area for three or six months. The basis for calculating the numbers of WHM visas granted for work in agriculture is explained in the data note at the end of the blog.

Figure 2 shows that the number of backpackers working in agriculture based on subsequent visas granted in 2023-24 is still below the pre-COVID figure of 36,125 in 2018-19. The main reason for the difference is the fall from 84% of second and third-year visa applicants working in agriculture in 2018-19 to 50% in 2023-24. However, the share of backpackers working in agriculture could expand further in the future. This might happen if temporary work opportunities, such as the medical and care work approved during COVID, or bushfire and natural disaster relief-related work, are no longer eligible. This would put further downward pressure on employer ST PALM demand.

Figure 2: Number of second- and third-year working holiday maker visas granted, based on prior work in agriculture, 2018-19 to 2023-24

Imputed from 2018-19



Source: Department of Home Affairs 2024, BP0017 Working Holiday Maker visas granted 2023-24 to 30 September. • Created with Datawrapper

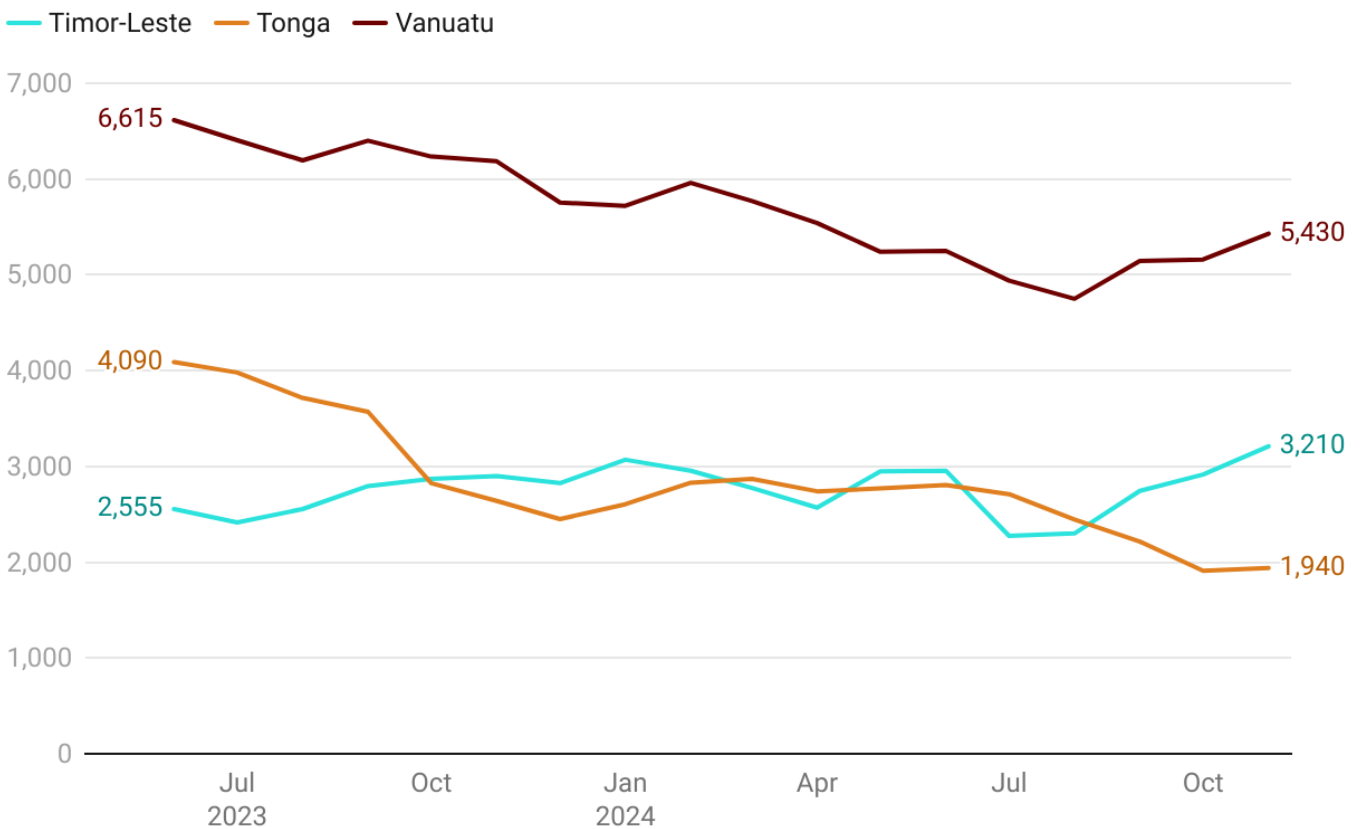
Then there is the effect on demand of the Australian government’s new **PALM Approved Employer Deed of Agreement**, adopted on 26 June 2023 together with its detailed mandatory guidelines. The proposed changes that hit the headlines were for approved employers to pay workers for a minimum of 30 hours work per week every week, to be implemented from 1 July 2024. This was later changed to the “120 hours over four weeks” work requirement. Despite the latter change, this and a range of other tightened requirements have increased the burden on approved employers. Those other requirements include minimum take-home pay requirements, more obligations related to worker accommodation, support and transport, and a requirement for more detailed contingency planning in an unpredictable work environment. All this has given employers reason, as they have indicated to me, to either withdraw from the program or, at a minimum, reduce the duration of the employment contracts offered under PALM — and to push them towards hiring backpackers.

There is also the reality that many PALM workers abscond and/or claim asylum. Government data show 2,270 PALM workers (short and long-term) absconded in

2022/23, and 2,340 claimed asylum. Workers who abscond cost employers time and money. Widespread absconding also undermines PALM’s key selling point: providing a reliable workforce.

What role, if any, have sending-country factors played in causing the fall in the number of ST PALM workers? The November 2024 PALM scheme data show that the three main sending countries continue to be Vanuatu (37.6% of the workers for that month), Timor-Leste (22.2%) and Tonga (13.4%). However, there are significant differences across countries. Between June 2023 and November 2024, Vanuatu experienced a below-average 17.9% decline, Timor-Leste a growth of 25.6%, and Tonga a large drop of 52.6% (Figure 3).

Figure 3: Number of ST PALM workers from the three main sending countries, Vanuatu, Timor-Leste and Tonga, June 2023 to November 2024



Source: Department of Employment and Workplace Relations, PALM scheme monthly data report - • Created with Datawrapp

Richard and Charlotte Bedford (2024) have analysed the PALM and New Zealand RSE data together to September 2024. They found that comparable data for RSE workers from the same countries does not reveal a sustained decline in participation. This indicates that the decline in ST PALM workers is due in large part to Australia-specific factors interacting with major sending-country factors, including

absconding.

In conclusion, approved employer feedback suggests that growers are cutting back on the fixed costs of their core workforce. While some growers are opting out of the program altogether, others appear to be reducing the length of time that they are employing ST PALM workers who must be employed on fixed-term contracts as well as being paid the extra 25% casual worker rate. These growers are then increasingly supplementing their smaller core workforce with backpackers employed flexibly as needed. The latter are also paid as casual workers but without the additional costs incurred by workers engaged under PALM requirements.

With further growth expected in the number of backpackers working in agriculture, Australia's seasonal worker program will continue to shrink, diminishing the demand for workers from the Pacific and Timor-Leste.

Author note: I am grateful for valuable comments received from the Pacific Labour Mobility Branch, Office of the Pacific, Department of Foreign Affairs and Trade. Responsibility for the analysis, of course, is mine alone.

Data note: The share of second- and third-year WHM visas granted for work in agriculture (and other nominated industries) is based on the proportion reported in the Department of Home Affairs' annual WHM visa program report. According to the report dated June 2024 (page 7), the specified work required to be eligible to apply for an additional visa includes "work in the agriculture, mining, construction, tourism and hospitality industries, as well as bushfire and natural disaster recovery work, and critical COVID-19 work in the healthcare and medical sectors". Data on the proportion working in a specific industry, as outlined above, are reported each year for each visa type (subclass 417 and 462) and type of visa (second- or third-year visa). Not reported in the blog is the much higher number of second- and third-year visas granted for the first quarter of 2024-25 compared with the same quarter for the year before (29,875 for second-year visas in first quarter 2024-25 compared with 8,762 visas in first quarter 2023-24).

It is not possible to project the proportion of the second- and third-year visa holders working in agriculture in the first quarter of 2024-25 because of the recent changes in visa requirements. These include the temporary relaxation of work-eligibility conditions for WHM visa holders affected by COVID-19 and the permanent removal of this requirement for British backpackers. For the latter group, the work requirement in designated area and industries was removed as part of the UK Free Trade Agreement (UKFTA). Instead of having to complete the required three-month or six-month specified work requirements, UK nationals can now work in any sector, anywhere in Australia, and still remain eligible for a second- or third-year WHM visa

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providing all other eligibility criteria are met. This change, implemented from July 2024, has contributed to the large increase in the number of second- and third-year visas being granted to British backpackers in the first quarter of 2024-25 (13,988 out of 37,154 or 37.6%). The actual share of backpackers on second- and third-year visas from other countries who had worked in agriculture in 2024-25 will only be known when the next Department of Home Affairs annual WHM visa program report 2024-25 is released sometime in September 2025.

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Link:

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