



4 November 2022

PALM Secretariat
Pacific Labour Policy and Engagement Branch
Office of the Pacific
Department of Foreign Affairs and Trade

Via email: PALM.Secretariat@dfat.gov.au

Dear Secretariat,

Building a Stronger Pacific Family — NFF Response

The National Farmers' Federation (**the NFF**) was established in 1979 as the peak body representing Australian farmers and, more broadly, the Australian agricultural sector. The NFF's membership is comprised of all of Australia's major agricultural commodities and regions, across the breadth and the length of the supply chain. Operating in a federated structure, individual farmers join their respective state farm organisations and/or national commodity councils who are the NFF's members.

The short-term outlook for Australian agriculture is broadly positive. Strong commodity prices and — for the most part — favourable growing conditions have resulted in a valuable winter crop for many farm businesses. Nonetheless, there remain a number of complex domestic and global issues which our industry must navigate in partnership with government. One of the most significant and long-standing of those issues is the challenge of finding a reliable, committed and capable workforce. And while the problem of securing reliable farm workers was heightened with the 2020/21 border closures, the reality is that the farming sector has long struggled to find suitable and reliable employees in a variety of different roles. This is a feature, not just of Australian farms, but of agriculture industries in all developed nations. The reality is that the demand for unskilled and semi-skilled farm labour outstrips the appeal, particularly when it comes to intense harvest roles. It can be physically demanding, is often exposed to climate and weather, and requires working with animals, chemicals, and organic matter. It tends to be based in regions with much smaller populations, and simply does not have the social cache other forms of work enjoy in modern Australia. Indeed, our reliance on sources of migrant labour — be it WHMs, PALM workers, skilled migrants, or overseas students — is as much a symptom of the workforce shortage as it is a cure.

The NFF has adopted a number of policies to meet this challenge, but an efficient and fit-for-purpose migration program will always be a centrepiece of that platform. We remain deeply disappointed that the current government has turned its back on the Australian agricultural visa which was announced in 2021. However, we are resigned to the policy change for now. We are ready to work with the government to reform the PALM, to shape it into the “something better” which Prime Minister Albanese committed to delivering the sector at the NFF’s national conference in 2022. “Labor’s Plan to Build a Stronger Pacific Family” is at least a first step in that direction.

Expanding and Improving the Scheme

A reduction in ‘red tape’ will be critical to the future expansion and success of the scheme. Initiatives which streamline the frequency of interactions with the government and make those interactions more efficient and effective — for example, clear and well communicated program requirements, efficient and user-friendly service and IT platforms, minimising requirements for growers to duplicate efforts and dealings, etc — are obviously a good start. Any changes would, of course, need to balance the impact on worker welfare. The proposed Red-Tape Reduction Working Group would be the best source of recommendations, provided the group is comprised only of those who actually know and use the system; that is, the approved employers and the government representatives they interact with. They are best placed to understand where the pressure points are, and what changes would actually make a difference. Although worker and welfare representatives would need to vet any recommendation made by the working group before they are put into practice, this vetting can occur through the existing oversight and governance framework.

In order to successfully expand (at least on the demand side), the scheme will need to be accessible to all farmers. We will return to this theme¹ but make the point that the program is intimidating/overwhelming to many farms, especially the smaller farms who are not as well-resourced as their larger competitors. They do not have sophisticated business management tools or systems, do not have a dedicated HR team, or professionals (lawyers, migration agents, accountants) on tap. More needs to be done to make the program accessible to this cohort.

Finally, it goes without saying that any proposal to expand the scheme will have to ensure that the government departments managing the program are well resourced. Within this context it was pleasing to see the 2021/22 budget announcement of \$67.5m over 4 years, with a significant proportion of those funds earmarked to increase the departmental resourcing.

¹ Under the heading 'Making seasonal deployments more attractive to employers'

In addition to the above, we note in brief:

- While the NFF would support improving consultation, we note that this does not necessary translate to an increased volume of consultation. There are already a great number of formal and informal consultation opportunities and a significant risk of consultation resulting in (or being a symptom of) greater administrative overkill. The focus should be in quality not quantity.
- While feedback has not been sought on the proposal to lengthen worker stays, we note that movement between short term (up to 9 month) and long term (1 to 4 year) streams should be relatively straightforward and seamless.
- The NFF is on the record supporting the Migrant Worker Taskforce's recommendations, and particularly the introduction of (truly) national labour hire regulations. This has been on the federal government's agenda for a number of years and — while we are sceptical about the level of impact it will have — we implore government to 'get on with it'.

Family Accompaniment

The NFF is supportive of this proposal in principle. We think that it has potential to benefit employers as well as the more obvious beneficiaries, the workers. Nonetheless, while we applaud government for taking this step, we have significant misgivings about implementation.

We are concerned about the impact it may have on overstretched infrastructure and services in regional communities. Access to accommodation is at historic lows, with vacancy rates in many regional communities at less than 1%. A program which increases rural populations with people who may not tangibly/directly contribute to local economies (e.g. non-working spouses) will inevitably increase this problem.

The wellbeing of workers and families will also have to be closely monitored, especially if the AE will bear the 'pastoral care' responsibility for the worker's family (directly or indirectly). While this initiative is intended to ease the pressure which lengthy separations place on relationships, notionally it will introduce a new set of pressures as family members learn to cope with significant changes in living arrangements and lack of access to usual work, social and family networks. To ensure workers' and their families have the capacity to manage placements, the government should develop a criterion for qualification to participate in the family accompaniment initiative, including language requirements, prior experience with living/working in Australia, external (family and friend) support networks, and so forth.

While access to the family tax benefit and federal childcare subsidies should assist, lack of access to subsidized healthcare (Medicare) will place significant financial pressure on workers. And even if affordable private health insurance options are available, there is potential for major problems if the requirement to hold a current and valid policy is not strictly enforced.

Finally, and perhaps most problematically, the cost of living in Australia will have significant impact on remittances and may undermine the benefit to the workers and ultimately the sending nations. According to a recent study into the proposal,² even childless couples would experience a cashflow deficit if living off one income, and even with childcare subsidised, these families will see little to no financial benefit to participating in the program unless both partners work. The government should consider limiting this initiative to situations in which both couples have secured Australian employment prior to departure.

As a first step, the arrangements should be piloted. Only those AEs who ‘opt in’ should be required to participate. Similarly, it should only be permitted in locations with adequate and appropriate resourcing to support the worker without overburdening community services and local infrastructure.

Making Seasonal/Short Term Deployment More Attractive

A critical part of Labor’s Plan to Build a Stronger Pacific Family was its election commitment to cover the worker’s component of the upfront travel costs:

We will move to have the Australian Government meet SWP workers’ international and domestic travel costs upfront (less \$300 to be met by approved employers), with costs recovered from workers through the tax system. The new arrangement will mean farmers will no longer face upfront costs any higher than \$300 for recruiting Pacific workers. Workers will be no worse off given they already repay travel costs through pay deductions. The Government will recover the travel costs from workers either through an increase in the withholding tax rate or a deduction from their departing Australia superannuation payment. This measure will be budget neutral and will commence from January 2023.

This was a very welcome announcement — within the context of Labor announcing it would not progress the Australian agricultural visa and the elimination of the requirement for UK backpackers to work on farms. The amount of these upfront costs can be as high as \$2,500 per worker. For five workers, the commitment is upwards of \$12,500. While the costs may be recovered from the worker progressively over a period of about 12 weeks, the upfront investment for

² Preliminary Examination into the Implications and Impacts of Family Accompaniment ANU Pacific Migration Research Workshop, 17 June 2021

employers is relatively significant. For those farms who are not familiar with the program, don't know if they can manage it to suit their needs, and are unsure of the quality of the labour they get in return, the costs — in addition to the red tape which they have to negotiate in order to participate — have a significant impact on their cash-flows and, ultimately, represent a major obstacle to participation. If the election commitment had been honoured, that upfront cost would fall to just \$300 per worker; roughly 2.5% of the current commitment.

In addition, it would reduce the prospect of inappropriate deductions from worker wages, an issue which has plagued the program since its inception. Not only would it help ensure that workers are not mistreated, but there would also be fewer stories of mistreatment which taint community perceptions of the PALM (and horticulture sector), and constitute a significant impediment to its expansion.

Unfortunately, notionally in satisfaction of this election promise Labor has announced that it will instead be:

underwriting employers' investment in upfront travel costs for seasonal workers by covering costs that cannot be recouped from workers.

While the government has indicated that this underwriting arrangement delivers on the “intent” of the promise, the NFF's position is that it is quite a different arrangement. It addresses one of the biggest problems which approved employers currently face, and for that reason its introduction is welcomed. However, it does little to actually make the scheme “more attractive” or increase accessibility to producers who do not currently use it. It is therefore much less appealing than the election commitment and represents a significant departure from it. While the underwriting proposal will be very helpful to EAs who are already familiar with the program's requirements — and have established the systems and tools to manage it and its idiosyncrasies — it will not meaningfully lower the barriers to entry (i.e. for smaller growers) which was one of the biggest attractions of Labor's commitment.

However, if the government has decided that it will not introduce a scheme — and we note that the underwriting model was expressly announced in the October 2022/23 budget — it should consider other ways to make the program accessible to growers (especially small enterprises).

We have identified a number of proposals in the attachment at the end of this paper, including initiatives to assist farms manage accommodation needs, a reinvestment fund, and a small employer concierge network. The latter would be a network of advisors to assist growers understand the scheme and navigate its bureaucratic labyrinth. Some possible functions of the advisors would include:

- providing advice on eligibility and other scheme requirements;

- guiding employers through application processes;
- assisting in sourcing accommodation solutions;
- providing cultural awareness support;
- linking farms to share workers under an employer-initiated portability model; and
- assisting emergency movements necessitated by weather or market disaster.

A similar program was successfully run by the Western Australia Government during COVID border closures and is currently being explored in Queensland. A nationwide rollout of the program would be very welcome.

Relocating the AAV within the PALM Scheme

The NFF's position remains that the agricultural visa should stand apart from the PALM, and any attempt to 'relocate' it into the PALM scheme will compromise at least the AAV if not the PALM as well. The 'North Star' of the NFF's Ag' Visa proposal was flexibility. The PALM is fundamentally a foreign aid and diplomatic relations tool not a labour program. Labor clearly intends to maintain this focus, given its policies regarding the PALM are part of the broader suite of policies it adopted to promote pacific relations — *Labor's Plan to Build a Stronger Pacific Family* – rather than within its announcements regarding business and jobs. We support the PALM having this focus. However, the fact remains that we are very sceptical about whether it allows the scheme to have the flexibility required to service all of agriculture's complex labour challenges.

That said, assuming that the government's position will not change, we make the following observations.

Portability is crucial. We accept that program integrity requires a 'slow and steady' roll-out and that the government's preference is to start with employer-initiated arrangements. However, this is not portability as we envisage it. True portability would allow workers the opportunity to 'follow' the work. They would have the power and responsibility which currently resides with the employer. While growers would still retain a significant level of accountability, much of the responsibilities which they are now expected to discharge — organising travel and accommodation, health insurance, pastoral care, minimum work hours — could be borne by the workers.

Of course, this would also require a level of experience, knowledge, and sophistication that current PALM arrangements do not require. For example, English language proficiency, social support infrastructure, familiarity with Australian cultural and commercial norms. As such true portability should only be available to those workers who meet a strict criterion. There may also need to be consideration as to the employer which can access portable PALM workers; on

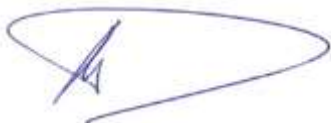
the one hand, government may need a high level of confidence in the business before they can access portable workers. On the other hand, it may be that the scheme is limited to growers who can demonstrate that the usual PALM arrangements do not work for their business.

We would also note that it is inappropriate for a worker's sponsor to be a business/person which is not their employer. Sponsorship must be easily transferable, or government should consider industry sponsorship arrangements.

The program should expand on the certification options available to employers to obtain 'approved employer' status. A fear of excessive administration and 'red-tape' is a principal objection raised by those employers who don't participate in the program. Drawing on accreditation and certification programs which they already engage with — and/or 'value adding' to the work they do not meet a program requirement — would go some way towards addressing these objections. It follows that alternative forms of accreditation should be encouraged. The accreditation programs which are currently recognised under the AAV, such as Fair Farms and Global Gap, are an obvious start. In addition, the department should publish detailed criteria clearly identifying what it requires an accreditation program to feature in order to be considered for PALM purposes, so that suitable programs may be recognised in the future. We would also encourage the department to consider 'part-approval' in respect of certification programs which satisfy some but not all of the approval employer requirements. Under these arrangements, the department would then need to review only these aspects of the business which are not covered by that 'part-approval' certification. For example, accreditation under one program could mean that the business's financial position is acceptable but does not speak to its WHS or IR practices.

We again thank the department for giving us the opportunity to provide these comments regarding the PALM reforms. While we have misgivings about some of the proposed changes — and are disappointed that they are being made within the context of Labor's rejection of the ag visa — in principle they are positive developments and we are pleased to be involved in their design and roll-out.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Ben Rogers', enclosed within a large, hand-drawn oval shape.

Ben Rogers

General Manager,
Workplace Relations & Legal Affairs,
National Farmers Federation

SUPPORT INITIATIVES			
Priority	Title	Description	Cost
1	Small Employer Concierge	<p>Network of 15FTE advisors nationwide able to assist small employers in various ways:</p> <ul style="list-style-type: none"> • providing advice on eligibility requirements • guiding employers through the application process toward becoming an approved employer • assisting in sourcing accommodation solutions • providing cultural awareness support • linking potential employers interested in sharing short-term workers under the employer-initiated portability model 	\$2.7m
2	On-farm accommodation refurbishment	<p>Support for small employers to unlock availability on exiting on-farm accommodation and housing:</p> <ul style="list-style-type: none"> • Grants of up to \$50,000 for proponents to refurbish existing on-farm accommodation to meet PALM standards. 	Uncosted
3	On-farm accommodation construction	<p>Support for small employers to plan for and build new on-farm accommodation and housing:</p> <ul style="list-style-type: none"> • Grants of up to \$50,000 for proponents of new on-farm accommodation to secure planning and other approvals to begin construction. • Low interest loans of up to \$500,000 matched 50 percent by proponents constructing new on-farm accommodation for PALM workers. 	Uncosted
4	Community accommodation refurbishment	<p>Support for commercial, NFP entities and local government to unlock housing potential of otherwise idle or underutilised infrastructure:</p> <ul style="list-style-type: none"> • Low interest loans of up to \$1m matched 50 percent by proponents refurbishing existing community or private infrastructure for the primary purpose of providing large-scale accommodation to PALM workers. • Infrastructure could include showgrounds, caravan parks, or motels. 	Uncosted

5	Accelerated depreciation	Accelerated depreciation on new on farm accommodation. The ability to be able to write off the investment over 3 years not 30 years	Uncosted
6	No-interest loan scheme	a funding pool for small growers which can be accessed to cover the upfront costs. The grower would make the deductions from the workers' paycheck to pay back the loan from government.	Budget Neutral
7	Cultural awareness support	Support for smaller employers new to the PALM scheme to provide safe and productive workplaces: <ul style="list-style-type: none"> • Online cultural awareness training and materials for new PALM employers to improve their management of workers and provision of pastoral care. • 10 FTE nationwide allocated to key growing regions to assist and support small to medium sized employers create and maintain workplaces and accommodation that are culturally safe and supportive for PALM workers. 	Uncosted
8	Reinvestment fund	Lift the tax on the departing Australia superannuation payment (DASP) applied to the PALM scheme to the equivalent level as the Working Holiday Maker program (65 percent). Reinvest these additional funds into the continued improvement of the scheme, including: <ul style="list-style-type: none"> • Those initiatives identified above that don't involve improvements to capital. • The administration of those initiatives involving capital improvements. • Skills and capacity of Labour Sending Units, including their ability to apply for DASP on behalf of their workers. • The underwriting of unrecovered upfront recruitment and travel costs incurred by employers. 	Budget neutral