

Pacific Labour Mobility Accommodation Review

Key findings and recommendations

9 December 2020

Background

(i) Context

Pacific Labour Scheme (PLS)

The PLS was established in 2018. It is managed by the Pacific Labour Mobility Section, Office of the Pacific within the Department Foreign Affairs and Trade (DFAT). Palladium Group was contracted by DFAT to establish the Pacific Labour Facility (PLF). The PLF connects Australian employers with Pacific workers, supports Australian employers throughout the PLS cycle, supports Pacific workers during their time in Australia and upon their return to Pacific communities, as well as monitoring impacts of Australia's labour mobility arrangements. PLF's involvement in PLS worker accommodation includes:

- attending the mobilisation of Pacific workers when they arrive in Australia and accompanying them to their accommodation
- approving PLS accommodation form as part of the recruitment plan process or prior to the arrival of workers
- performing a visual inspection of accommodation during mobilisation to ensure accommodation standard and quality appear reasonable
- undertaking site visits of workplaces and accommodation when issues arise
- performing desktop audits which include an audit of worker payslips to ensure accurate deductions (comparing with receipts for airfares, transport, accommodation charges) by the employer.

PLS workers can stay in Australia from 12 months to three years. Employers are obligated to provide accommodation for the first three months. Industries involved include non-seasonal agriculture, accommodation, tourism and social assistance in rural and regional areas.

Seasonal Worker Program (SWP)

The SWP was established in 2012. It is managed by the Seasonal Work Programs Branch, Delivery and Employer Engagement Division within the Department of Education, Skills and Employment (DESE).

SWP workers can stay in Australia for up to 9 months. The majority of SWP workers are employed by the horticultural sector (nationally) and accommodation sector (in select locations). DESE's responsibilities relating to worker accommodation include:

- conducting risk assessments on accommodation and risk profiling of Approved Employers (AEs)
- approving Accommodation Plans submitted by the AE
- conducting announced and unannounced monitoring visits, which includes meeting with seasonal workers, and inspecting accommodation (unless not reasonably possible) to confirm it aligns with the arrangements approved.
- undertaking assurance activities by reviewing the reasonableness of accommodation related costs.
- monitoring visits and desktop assurance activities are undertaken routinely and in response to concerns received from stakeholders, including workers, unions and community members.

Accommodation expectations

Overcrowding and overcharging of accommodation costs for PLS and SWP workers has been reported by the media. Accommodation arrangements involving PLS and SWP workers are complex and it is crucial to consider the perspectives and expectations of key stakeholders to understand the behaviours affecting potential accommodation issues. To better understand differing expectations of PLS/SWP workers, AEs, the Australian Government and the general public are summarised below in Table 1:

Table 1: Context around the expectations of PLS/SWP workers, AEs and the Australian Government

Issue	Workers	AEs	Australian Government	General Public
Accommodation cost	Cheap accommodation to enable more money to be sent home.	Risk premium & equity of rates charged to workers	Accommodation costs are fair, low and reasonable	Perception of fairness
Occupancy and standard of accommodation	Motivated to share cost or driven by the collectivistic culture	Challenges in sourcing suitable accommodation (demand vs supply)	Worker welfare & departmental reputation	Social impact on the community

(ii) Objective

The objective of the review was to examine the cost of accommodation for PLS/SWP workers and consider if changes are warranted to DFAT and DESE policies to improve the value and suitability of accommodation provided under the two schemes. The review also considered whether changes to accommodation assurance processes are required.

(iii) Scope

1. Reviewed PLS/SWP accommodation costs and deductions, including rental costs, inclusions, occupancy levels and accommodation types
2. Conducted comparative assessments of PLS/SWP accommodation costs against average rental prices in relevant regions considering like-for-like properties, hostels, caravan parks and on-farm accommodation arrangements
3. Compared accommodation approaches across different sectors (predominantly horticultural), employers, regions and schemes
4. Compared accommodation options for other temporary visa holders using available data
5. Reviewed PLS/SWP accommodation settings and guidelines, including the approach to monitor minimum requirements, and assurance processes
6. Drafted recommendations to improve policy settings, governance processes and guidelines have been identified where required.

(iv) Statement of limitations

- Reliance on PLS accommodation data supplied by the PLF (dated 24 August 2020), which has been partly sourced from employer and workers surveys. BellchambersBarrett did not validate source documentation, audit the accommodation data provided or reconcile information back to survey results.
- Research on original market price did not include additional costs such as Wi-Fi, cleaning and utilities. These items may be inclusions with SWP and PLS accommodation.
- Reliance on average cost of utilities, Wi-Fi and furniture used in PLS accommodation data. These costs were provided by an AE.
- Reliance on SWP accommodation data provided by DESE, sourced from SWP Accommodation Plans recorded in SWP Online. Limitations of the SWP accommodation data were as follows:
 - Accommodation information is not disaggregated by sector/industry.
 - Maximum occupancy for each property is provided, however there is no data for actual occupancy.

- Some accommodation types are aggregated into an 'Other' category which includes cabins, hostels, backpackers, farmhouses, caravan parks, units/apartments, converted shed, barracks, motel, commercial accommodation, dormitories and chalets.
 - Several accommodation ownership types are aggregated into an 'Other' category with no further details provided.
- Reliance on research undertaken by PLF Accommodation Brokers in the Sunraysia/Mallee region and Tablelands/Cassowary Coast region.
- Unable to comment on the standard or quality of accommodation. BellchambersBarrett did not view or visit any accommodation.
- This review was conducted over a four-month period (August to December 2020), with market research conducted in early September 2020. Due to market forces and seasonality of the two schemes, it should be noted that rental prices obtained during the review in September would be subject to ongoing fluctuations.

Conclusion

From our analysis and assessments, there are known instances of overcrowding and potential instances of overcharging. A representative sample of ten properties was selected in areas with a higher concentration of workers and diverse accommodation types.

There were ten properties identified where accommodation for PLS and SWP workers had been approved for the same address. AEs report actual occupancy rates for the PLS. Maximum occupancy is reported for SWP, however, actual occupancy is not reported. Instances were identified where properties with the same address were reported in accommodation data for both PLS and SWP. Differing information, reporting structures and the lack of actual occupancy information for SWP workers that were listed at the same location as PLS workers indicate potential overcrowding and overcharging situations that were undetected.

The PLS Policy Handbook (dated November 2019) was drafted to provide guiding policy and instructions to PLS employers, workers, DFAT, the PLF (including subcontractors) and relevant Pacific Island Governments. The PLS Policy Handbook aims to provide basic information on the PLS for all stakeholders and has limited guidance on the minimum standards of accommodation. In September 2020, the PLS was in the process of drafting specific AE guidelines, which will provide more comprehensive information on accommodation standards. These AE guidelines are yet to be finalised at the time of this report.

There is scope to improve governance processes, particularly in relation to Executive Level reporting. Senior Executives in either department do not receive reports specifically focusing on PLS or SWP accommodation assurance activities, which would include accommodation issues. It is noted that issues such as AE red tape and those relating to worker welfare are reported to governance committees. The lack of Executive Level reporting may be attributed to accommodation data quality issues which impacts their capacity to make informed evidence-based decisions and improve accommodations outcomes.

The PLS does not have an accommodation assurance framework to manage risks associated with the scheme's intended outcomes. While compliance activities including desktop audits and welfare visits are conducted by the PLF, these compliance activities are not risk-based.

The review identified five recommendations to improve PLS and SWP accommodation outcomes, as follows:

- Further investigation and information sharing on overcrowded accommodation and potential overcharging of accommodation costs
- Strengthening PLS accommodation polices, noting the ongoing drafting of the AE guidelines to clearly articulate accommodation standards
- Establishment of a robust PLS assurance framework
- Enhancing accommodation-related Executive Level reporting for both the PLS and SWP
- Supporting PLS workers to consider privately organised accommodation.

Identified areas of improvement and recommendations

BellchambersBarrett identified areas of improvement and formulated recommendations to improve policy settings, governance processes and guidelines. Table 2 below provides identified areas of improvement and corresponding recommendations.

Table 2: Identified areas of improvement and corresponding recommendations

#	Area of improvement	Recommendations
1	Overcrowding and potential overcharging	Recommendation 1.1 We recommend the PLF to: <ul style="list-style-type: none"> Conduct further investigation into: <ul style="list-style-type: none"> overcrowded properties identified in PLS accommodation data and by workers, and stakeholders whether PLS and SWP workers share an approved property at the same time. Ensure responsible AEs undertake remedial action if overcrowding is confirmed.
		Recommendation 1.2 We recommend that the Accommodation Calculator be finalised as soon as practicable and is used by PLF to assess the reasonableness of accommodation costs and occupancy rates.
		Recommendation 1.3 We recommend that, on a sample basis, the Pacific Labour Mobility Section conducts periodic benchmarking against market rental prices to ensure accommodation costs are consistent with average rental prices.
		Recommendation 1.4 We recommend that the PLS and SWP teams share information, particularly on occupancy rates and high-risk AEs. This is to ensure any potential accommodation overcrowding or overcharging is identified and corrective actions are undertaken promptly.
2	Greater clarity for PLS AEs on accommodation policies	Recommendation 2 While we acknowledge that PLS is in the process of drafting AE guidelines, we recommend that: <ul style="list-style-type: none"> AE guidelines are finalised as soon as practicable Guidance on the minimum standards of accommodation and monitoring activities are clearly articulated AE guidelines are promulgated to all AEs.
3	Lack of a robust PLS assurance framework	Recommendation 3 We recommend that the PLS builds an assurance framework incorporating:

#	Area of improvement	Recommendations
	<p>PLS site visits and compliance activities are conducted in isolation and are not risk-based.</p> <p>Desktop audits which validate PLS worker deductions (including accommodation deductions) apply to recruitment activities undertaken in the last six months. There is no evidence that older recruitments are subject to desktop audits.</p>	<ul style="list-style-type: none"> • Risk profiling of individual AEs and adjusting the level of compliance activities based on the AE's risk profile • Combining site visits with desktop audits to increase efficiencies and introduce elements of unpredictability • Ensure results of compliance activities (including any accommodation issues) are reported to departmental Senior Executives. <p>A robust assurance framework will increase the ability to promptly identify underlying root causes of noncompliance or accommodation concerns.</p>
4	<p>Limited governance level reporting on accommodation specific issues for both the PLS and SWP</p> <p>This could be linked to accommodation data quality issues and inconsistent data captured by PLS and SWP, which impacts the ability for departmental Executives to make informed evidence-based decisions and improve accommodation outcomes.</p>	<p>Recommendation 4</p> <p>We suggest Executive Level reporting for both departments on a quarterly basis to include:</p> <ul style="list-style-type: none"> • Results on assurance and compliance activities including number of AEs reported to FWO and reports of unsuitable accommodation • Available benchmarking results of PLS and SWP accommodation costs against market rates and identified outliers <p>This would achieve cooperation between the two departments as encouraged by the PGPA Act.</p>
5	<p>Supporting PLS workers to consider privately organised accommodation</p> <p>PLS accommodation data indicates that only 10% of PLS accommodation are arranged privately by PLS workers. The remaining 90% are AE organised accommodation.</p>	<p>Recommendation 5</p> <p>We recommend that the PLS explore initiatives to support PLS workers to find their own accommodation. Examples include:</p> <ul style="list-style-type: none"> • Educating PLS workers on how rental arrangements work in Australia • Encouraging PLS workers to engage with other PLS workers who have entered private accommodation arrangements, to gain a better understanding of rental requirements and tenant obligations.

Appendix C – Terms of Reference – Review of accommodation settings under the Seasonal Worker Programme and the Pacific Labour Scheme

Introduction

Expansion of labour mobility is a key government priority under the Pacific step-up initiative. This includes the Seasonal Worker Programme (SWP), administered by the Department of Education, Skills and Employment (DESE), and the Pacific Labour Scheme (PLS), administered by the Department of Foreign Affairs and Trade (DFAT). Ten countries are currently participating in both labour initiatives, including: Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu and Vanuatu.

The labour mobility initiatives also contribute to the development of the Pacific and Timor-Leste, improve productivity of Australian business through the provision of a stable and productive workforce, reinvigorate rural and regional Australian locations and develop stronger people-to-people links between Australia and the Pacific.

The SWP allows Approved Australian Employers to recruit Pacific and Timorese workers for unskilled to low skilled roles for up to nine months in the horticulture sector and in the accommodation sector in selected locations. The PLS allows Approved Australian Employers to recruit Pacific and Timorese workers for unskilled to semi-skilled roles for between one and three years in any sector in rural and regional Australia.

Accommodation is one the largest ongoing expenses for Pacific and Timorese workers in Australia under the labour mobility schemes. Approved Employers under both schemes are required to provide accommodation for workers, either for a limited initial period (3 months for PLS workers) or for the length of the contract (SWP). Workers are able to choose to relocate to private accommodation arrangements although in practice few make this choice. Workers usually pay for employer-arranged accommodation through deductions from their earnings. Under the SWP all accommodation is required to be approved by DESE against minimum standards set under Guidelines prior to the accommodation being used to house workers.

The cost, availability and standard of accommodation can vary significantly depending on location as can the cost of inclusions such as power, water, internet and maintenance services. Pacific and Timorese workers are often employed in regions where accommodation is often scarce, especially in peak seasons.

Purpose of the review

The purpose of this review is to examine the cost and standard of accommodation for PLS/SWP workers and to consider if changes are warranted to DFAT and DESE policies to improve the value and suitability of accommodation provided under the two schemes. The review will also consider whether changes to accommodation assurance processes are required.

Scope of review

The review requires the development of a report which will include:

- A review of PLS/SWP accommodation costs and deductions, including rental costs, inclusions, occupancy levels, accommodation types and standards of accommodation
- comparative assessments of PLS/SWP accommodation costs against average rental prices in relevant regions considering like-for-like properties, hostels, caravan parks and on-farm accommodation arrangements
- comparisons of accommodation approaches across different sectors, employers, regions and schemes
- comparisons against accommodation standards for other temporary visa holders
- a review of PLS/SWP accommodation settings and guidelines, including minimum standards, and assurance processes

- recommendations to improve policy settings and guidelines if required.

The report will be developed through a desktop review of current SWP and PLS accommodation settings and consultations with key stakeholders including the Australian Government (including DFAT and DESE), the New Zealand Government, the Pacific Labour Facility, SWP and PLS Approved Employers, Australia-based Pacific and Timorese Liaison Officers, Pacific and Timorese workers, researchers with experience related to accommodation, relevant accommodation providers, unions, community groups and other relevant stakeholders.

Final Product

DFAT and DESE are seeking a report (maximum 15 pages) that will detail comparative assessments of the cost of accommodation and on accommodation approaches, and recommendations on policy response to accommodation issues.

Outputs and timing

Output	# of days	Timeline
Pre-meeting with DFAT	1	18 August 2020
Confirmation of timelines and outline draft review plan and methodologies	4	21 August 2020
Conduct review/interviews	15	
Draft review provided to DFAT		11 August 2020
Comments from DFAT reviewed and report finalised	4	
Final report submitted		25 September 2020

Documentation available for the reviewer

SWP Deed and Approved Employer Guidelines
 SWP Accommodation requirements checklist
 PLS Deed and policy handbook
 PLS Accommodation Form
 PLS Recruitment Plan Assessment Checklist
 PLF Accommodation Review
 New Zealand Recognised Seasonal Employer Scheme Accommodation Guidelines
 Relevant academic publications

Review team

The review will be conducted by an experienced organisation. The ideal team will have:

- An understanding of regional and rural private sector accommodation/rental markets
- Familiarity with Australian Government processes
- An understanding of the Pacific context
- Strong organisational and time management skills
- Strong analytical and writing skills

- Ability to get across new subject matter quickly