



REVIEW OF THE PACIFIC LABOUR FACILITY

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KEY FINDINGS

The Pacific Labour Scheme (PLS) is intended to enable citizens of Pacific countries¹ to take up low-skilled and semi-skilled work opportunities in rural and regional Australia. The PLS contributes to Australia's foreign policy goal of promoting economic cooperation and integration between Australia and the Pacific.² It is intended to benefit Pacific workers and their families, and the economies of the Pacific countries, as well as to provide Australian employers in rural and regional areas facing labour shortages, with access to a reliable workforce.³

The Pacific Labour Facility (PLF) delivers the core components of the PLS, working in partnership with the Department of Foreign Affairs and Trade (DFAT) and Pacific countries. The goal of the PLF is to contribute to the inclusive economic growth and social development of Pacific island communities. The key roles of the PLF encompass facilitating the supply of suitable workers, to meet the demands of Australian industries, while ensuring the welfare of the workers.⁴

The delivery model for the PLF is sound. The integrated management of supply from Pacific countries, demand from Australian employers, and welfare of Pacific workers in Australia is appropriate and effective for the goals of the program.

The PLF is making good progress against most of its objectives. Prior to the cessation of worker recruitment and mobilisation due to COVID-19, the PLF had rapidly increased the number of Australian employers and Pacific workers participating in the PLS, and provided high levels of support for the welfare of Pacific workers. Plans were also in place for a significant pipeline of activities that could reasonably have been expected, were it not for the impact of COVID-19, to drive continued growth.⁵ While the first 6-12 months required considerable effort to recruit staffing and establish the Facility, the PLF has also established early credibility and trust with key stakeholders in the Pacific and in Australia.

However, the PLF is not as well advanced on the future sustainability of the scheme. The program will not be a value for money investment unless it achieves significant scale. The PLF has commenced work on the strategies that will be necessary to achieve and sustain delivery at scale, but these are at an early stage of development. The pathway to sustainability at scale will depend on Pacific countries and Australian employers investing more time, effort and financial resources in Pacific labour mobility, commensurate with the benefits it will deliver them. The PLF recognises the need to build towards sustainability, but its plans to achieve that goal are developing too slowly and without sufficient focus and discipline.

Pacific countries are developing more capability to support labour mobility but will need support into the medium term. Some Pacific countries are already sending significant numbers of temporary workers to Australia, but many lack sufficient capacity and capability to support the PLS as it grows. The PLF has inserted additional resources into Labour Sending Units in Pacific countries, to assist with the recruitment and preparation of workers. This has been important in achieving the growth to date. Going forward, there needs to be a careful examination of the extent of capacity substitution that continues to be provided by the PLF. There is also an important role for DFAT in highlighting to Pacific countries the benefits that labour mobility brings,

¹ The PLS is delivered in Fiji, Kiribati, Nauru, PNG, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu. For simplicity in this report, "Pacific countries" includes Timor Leste.

² *Foreign Policy White Paper* (2017), see pp 110 & 136

³ Pacific Labour Facility, Investment Design Document, June 2018, (i) ⁴

Pacific Labour Facility, Investment Design Document, June 2018. (ii) ⁵

PLF Annual Report, July 2020, p.5

and encouraging support for the Pacific Labour Sending Units (LSUs) across other ministries in Pacific countries.

While employers should have more responsibility for worker welfare, it will still be necessary for the PLF to provide oversight and targeted support. The PLS differs from other labour mobility schemes (such as in New Zealand and Canada) in that it aims not only to provide workers to Australian industry, but primarily to support the aid and development of Pacific countries. The primacy of development goals justifies a strong focus on worker welfare. Nevertheless, the existing model of intensive support for workers will not be sustainable within the resources of the PLF as the number of workers and employers increase, once international movements resume. Employers are able, and many are willing, to provide more support than currently expected. A move to greater employer responsibility will require a risk-managed approach and a higher tolerance for some mis-steps and incidents, and should be backed up with adequate oversight and clear escalation protocols.

Alternative delivery models need to be considered and piloted. The PLF is Brisbane-based, and manages relations with employers and workers by site visits and, increasingly since COVID-19, by virtual platforms. The PLF has made a practice of connecting workers with local community organisations that assist workers with settling into life in Australia and provide some informal support. There is potential for local or regional organisations to undertake a more explicit role in worker support and welfare, drawing on their local connections and knowledge, and their experience in navigating Australian systems. There is also opportunity for devolution of demand activities to employer groups and an increased private sector role in the recruitment and training of workers in Pacific countries. The PLF has identified these areas for future work, but no significant development has yet been undertaken.

The program is ambitious and needs discipline to develop towards scale within its budget envelope. The PLF is “building the plane while flying it”, so the work is necessarily iterative, adapting to learnings along the way. Scope is expanding, both in response to needs on the ground and to additional tasking from DFAT. There has not so far been a strong focus on costing and projecting expected outputs and timeframes. Greater discipline on milestones and deliverables will increasingly be needed to ensure that clear choices are made about priorities and that longer-term actions are set in train with enough runway to land the expected outcomes.

There would be merit in greater alignment between the PLS and the Seasonal Worker Program (SWP). The SWP is administered by the Department of Education, Skills and Employment (DESE) and focusses primarily on meeting labour shortages in the Australian horticulture industry, where temporary unskilled labour is needed for the growing and picking of seasonal fruit and vegetables. The SWP is now operating at sufficient scale to be important for Pacific economies. The Government’s policy aims could be better met by aligning the policy frameworks and objectives that underpin the two programs. There is also an opportunity to substantially reduce differing or duplicated requirements and processes across the two schemes, to produce a more consistent experience for workers, employers, and Pacific countries.

Recommendations

Recommendation 1: The PLF should establish an expanded role for employers in supporting the welfare of Pacific workers in Australia.

- (a) Monitoring and protecting worker welfare should continue to be a high priority.
- (b) Employers should be carefully assessed for their capability and preparedness to provide appropriate levels of support, with a risk-managed approach to determine the level of PLF oversight needed.
- (c) The PLF should continue to provide an avenue for direct contact by workers where needed.
- (d) The PLF should establish a clear escalation model for employers, to clarify the matters that are the employer's responsibility, the matters on which the PLF will assist, and the more serious matters where the PLF will take the lead.
- (e) Smaller employers will likely need a higher level of PLF support than larger businesses that have corporate HR teams; DFAT should consider the option of a modest levy on smaller employers for the higher ongoing support provided by the PLF.
- (f) The FWO should be resourced commensurate with the growing scale of the PLS, to ensure external scrutiny of compliance with workplace laws.

Recommendation 2: The PLF should establish and implement with greater urgency the strategies that will be necessary to manage the program sustainably at scale. These include:

- (a) exploring potential private sector involvement in recruiting workers in Pacific countries
- (b) developing industry-led demand strategies, and
- (c) scoping and piloting welfare support by NGOs in Australia.

Recommendation 3: The PLF should adopt a more rigorous project management approach to forecasting and tracking its activities and deliverables. This will ensure a focus on the successful establishment of key strategies and platforms that will sustain the program into the future. It will also enable greater visibility to DFAT of the trade-offs that may become necessary as demands increase.

Recommendation 4: There should be greater alignment between the PLS and the SWP. At a minimum, there should be common rules and processes and, depending on government priorities, a common policy framework. DFAT and DESE should also consider amalgamating the provision of welfare support to workers in Australia under both schemes. There will be resource implications.