



# SUBMISSION TO THE JOINT SELECT COMMITTEE ON NORTHERN AUSTRALIA: INQUIRY INTO NORTHERN AUSTRALIA WORKFORCE DEVELOPMENT

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## Terms of Reference

The Joint Select Committee on Northern Australia shall inquire into and report on workforce development in Northern Australia, considering the impediments to building the economic and social infrastructure and workforce needed to support economic development, with particular reference to:

- a. trends in Northern Australia that influence economic development and industry investment including population growth, economic and business growth, workforce development, infrastructure development, and Indigenous economic participation;
- b. impediments to building the economic and social infrastructure required to support industry and business to expand and create regional jobs;
- c. challenges to attracting and retaining a skilled workforce across Northern Australia; and
- d. empowering and upskilling the local Indigenous population.

## Introduction

The Department of Foreign Affairs and Trade (DFAT) welcomes the Joint Select Committee on Northern Australia's inquiry into workforce development, infrastructure and capabilities needed to support economic development in Northern Australia. This submission was prepared in consultation with a range of Australian Government agencies.

### Promoting First Nations arts, culture and trade and investment opportunities

DFAT and Austrade value Aboriginal and Torres Strait Islander cultures and heritage as a part of our national identity. DFAT and Austrade are committed to promoting Aboriginal and Torres Strait Islander peoples and cultures to the world and providing opportunities to assist First Nations peoples—both in Australia and overseas—to embed First Nations voices, perspectives and experiences into Australia's foreign policy and help grow First Nations' trade and investment.

DFAT's State Offices engage regularly with the First Nations Australians business sector and peak body groups to explore opportunities for collaboration and connect them with our overseas network. In WA, our State Office has undertaken outreach to Indigenous communities, including Prescribed Bodies Corporate (PBCs) in the Kimberley and Pilbara regions, as well as the WA Indigenous Tourism Operators Council, to highlight opportunities for international engagement and trade. In the NT, we are engaging with the Northern Territory Indigenous Business Network (NTIBN) to explore opportunities for collaboration and connection with our overseas networks.

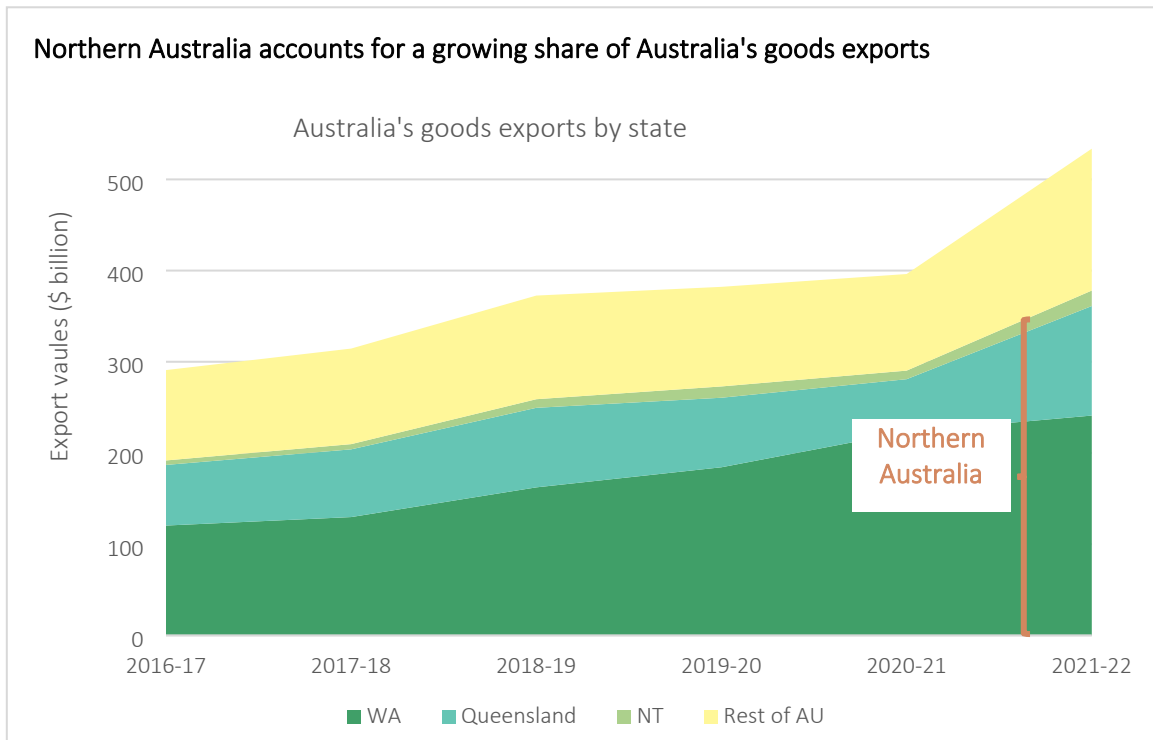
DFAT's Public Diplomacy Branch in collaboration with the Office for the Arts and the First Nations arts and culture sector is supporting growth in the international market for First Nations arts and culture by promoting cultural exchanges in overseas markets, including establishing communications between our diplomatic missions and relevant First Nations organisations. DFAT, as part of the National Indigenous Visual Arts Action Plan, has committed to the promotion of First Nations Art Fairs occurring in Australia and exhibitions that are occurring overseas, to support growth in the international market. 'First Nations First' is one of the five pillars in the new National Cultural Policy that is currently being developed.

First Australians and Pacific Islander peoples share long-standing cultural and family connections. The rich and distinct culture of First Nations Australians resonates deeply with Pacific Islander people. The Office of the Pacific Indigenous Engagement Plan (2021-23) guides DFAT's efforts to support deeper and more direct engagement between First Australians and Pacific Islander people.

### Northern Australia's global linkages – shaping and contributing to workforce needs

The Foreign Affairs and Trade portfolio works with a wide range of stakeholders in Australia, in our region and globally to make Australia stronger, safer and more prosperous. DFAT and Austrade deliver a range of initiatives that contribute to Northern Australia workforce development. These initiatives, outlined below, support Australia to pursue economic, trade and investment opportunities, while also delivering an effective and responsive development program. Drawing on regular engagement with business, civil society organisations and Indo-Pacific government counterparts, we encourage the inquiry to consider the interests of Australian exporters, foreign investors, and Australia's strategic interests in the Indo-Pacific.

Northern Australia continues to be a critical driver of Australia's commodities trade, with around 70 per cent of Australia's total goods exports originating from Queensland, WA and the NT over the last five years (2017-22). See [Appendix A](#) for top exports and export destination by State.



Source: ABS ITGS (September 2022), DFAT.

Trade linkages are overwhelmingly centred on Northern Australia's immediate neighbourhood, with Asia representing all of the top five export destinations for each state. In FY2022, Chinese demand accounted for 40 per cent of all commodity exports from the region.<sup>1</sup>



Note: East Asia includes Brunei, Cambodia, China, Hong Kong, Indonesia, Japan, Laos, Macau, Malaysia, Mongolia, Myanmar, Philippines, Republic of Korea, Singapore, Taiwan, Timor-Leste and Vietnam.

Source: ABS ITGS (September 2022), DFAT.

<sup>1</sup> In 2022, the top export destinations for NT, WA and Queensland exports in order of value were China, Japan, Republic of Korea, India, Taiwan, Singapore and Vietnam.

Existing skills shortages are acute in trade-exposed sectors. Necessary movement restrictions at the beginning of the COVID-19 pandemic exacerbated structural workforce challenges in outward-facing industries such as tourism and agriculture. Tourism industry job numbers fell 26 per cent in the first year of the pandemic. Although now slightly recovered, tourism industry jobs remain 14 percent below pre-pandemic levels, impacted by the slow return of international travellers and students, as well as extreme demand for workers elsewhere in the economy.

With historic commodities trade being centred on energy exports, Northern Australia's future export growth and trade-related investment needs are likely to be characterised by a transition to large scale renewables, slowly replacing exports of LNG, coal and to a lesser extent iron ore. Additionally, the transition to net zero, digital transformation and other technological changes will grow new industries and raise new competition such as within the defence and space sectors. Australian businesses will require the skills to adapt and Australian workers will need to be enabled to seize the best available opportunity as global trade patterns shift.

Building new transformational industries that will boost productivity, innovation and create higher paying jobs in Northern Australia will also require transforming the region's workforce. A transition to emerging clean energy industries and the future of existing sectors, like the visitor economy, require an increase in the supply of highly technical and specialised skills, as well as executive functions to bring new business to a global scale. Reskilling and upskilling workers for new and rapidly changing occupations will help drive workforce transformation.

Low, semi-skilled and highly skilled migration will also help address the projected shortfall between local graduates and industry need in the short to medium term, while playing an important role in skills transfer and capability development in the Northern Australian workforce.

## Initiatives shaping and contributing to workforce needs

### 1.1 Pacific Australia Labour Mobility (PALM) scheme

The Pacific Australia Labour Mobility (PALM) scheme is the primary temporary migration program to address unskilled, low-skilled and semi-skilled workforce shortages in rural and regional Australia and is built on strong partnerships between Australia, Pacific island nations and Timor-Leste. There are 31,500 workers currently in Australia (as at 31 October 2022). This includes 1,272 workers in the NT, 11,052 workers in Queensland and 3,299 in WA.<sup>2</sup> See [Appendix B](#) for additional PALM scheme data. The PALM scheme features among a broader set of measures by the Australian Government to meet workforce needs (such as the Harvest Trail Services and Working Holiday Maker visas).

PALM scheme workers can be employed in any sector in all regional and rural postcodes.<sup>3</sup> No postcode restrictions apply to the agriculture sector. DFAT and the Department of Employment and Workplace Relations (DEWR) and the Department of Home Affairs (Home Affairs) work in partnership with the Government's contracted service provider, the Pacific Labour Facility (PLF) to connect Australian employers with workers through the PALM scheme. There are currently more than 400 PALM scheme employers (as at 31 October 2022), with this figure growing strongly. To participate in the scheme, employers are rigorously vetted for their financial bona fides and compliance with the Migration and Fair Work Acts. To recruit workers they must also demonstrate that there are not enough Australians available to meet their workforce needs. This ensures that the PALM scheme supplements, rather than displaces, the Australian workforce.

Pacific and Timorese workers are protected by the same workplace relations and work health and safety laws as Australian workers. Employers who join the scheme are also required to adhere to an additional layer of worker welfare protections which ensure that in the rare instances where it occurs, mistreatment of workers is detected, investigated and promptly addressed.

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<sup>2</sup> This data is not limited to Northern Australia, it is inclusive of workers in all parts of WA, NT and Queensland.

<sup>3</sup> This means that PALM workers can effectively be employed anywhere in Australia, except metropolitan Melbourne, Sydney, Wollongong, the Newcastle region, Brisbane and the Gold Coast.

### *Expanding and improving labour mobility through the PALM scheme to meet workforce needs*

There are currently more Pacific and Timor-Leste PALM scheme workers in Australia than ever before. By June 2023, the Government aims to increase the number of PALM workers in Australia to around 35,000. This represents significant growth in the program on pre-COVID levels. The Government's October 2022 Budget delivers on the commitment to improve and expand the PALM scheme through an ambitious reform agenda. These reforms will make the scheme more attractive to employers facing workforce shortages and to Pacific workers interested in participating in the scheme, and include:

- **Family accompaniment** – PALM scheme workers on long-term placements of between one and four years will be allowed to bring their families to Australia, with the agreement of their employer sponsor. Families will have access to family tax benefit and childcare subsidies to provide support while they are raising their children in Australia and, importantly, to reduce barriers to workforce participation by accompanying spouses/partners.
- **Expanding aged care pilots** – DFAT is piloting aged care training pathways to increase the number of qualified Pacific aged care workers available under the PALM scheme (see case study below). Through these aged care pilots, workers earn a Certificate III in Individual Support (Ageing) and work in Australia for up to four years. The Government has committed to expanding the pilots to support 500 more PALM scheme workers to complete the Certificate III in 2022-23. There is potential for the pilots to be replicated in other sectors in the future, in industries with interest in workers completing Australian qualifications (see Box 1).
- **Reducing the burden of upfront travel costs** – the Government will establish a mechanism in 2022-23 to reimburse employers for upfront travel costs (less the \$300 employer contribution) that cannot be recouped from seasonal workers through no fault of the employer (for instance, where workers disengage).
- **Relocating the former Australian Agriculture Visa (AAV) under the PALM scheme** – the Government will adjust the scheme's settings to reflect key features of the AAV, for example, exploring improved arrangements for worker movements between employers to ensure that employers have the flexibility to meet their business needs and provide workers with sufficient working hours. The government will work closely with industry, unions and community representatives to co-design changes to PALM scheme settings to reflect the needs of the agriculture sector and associated industries and make it more attractive for businesses.

As these reforms are implemented, the Australian Government will continue to work with State and Territory governments and industry to address concerns. These include having adequate services and support structures in place as the PALM scheme continues to grow. For instance, availability of accommodation for workers and their families, education, childcare and health services for accompanying family members and availability of suitably skilled workers in demand sectors, notably hospitality and aged care. Stakeholders have also raised concerns about the potential for the rising cost of living in Australia to reduce remittances if workers are also supporting family members to live in Australia.

### *Enriching communities and economies in Australia and the Pacific through the PALM scheme*

The PALM scheme is highly valued by Australia and the Pacific and Timor-Leste. We recognise the outstanding contribution Pacific and Timorese workers have made to our economy, particularly throughout the COVID-19 pandemic. The scheme meets workforce shortages in rural and regional Australia, supports the economic development of our Pacific family and builds skills for when workers return home.

Australia values the strong links created between people, businesses, and communities, that foster deeper connections between Australia and its neighbours. Pacific and Timorese workers fill crucial roles in regional and rural Australia and offer employers access to reliable, productive workers who also contribute to the cultural and economic vibrancy of communities across Australia. A 2018 report by the Australian Bureau of Agricultural and Resource Economics and Sciences found the productivity of seasonal workers was, on average, 20 per cent higher than that of Working Holiday Makers, as returning workers required minimal induction and training in subsequent seasons.<sup>4</sup> In 2021, a World Bank Report found that 95 per cent of short-term workers wanted to return the next season and 98 per cent of employers wanted them to return.<sup>5</sup> Long-term PALM scheme workers also contribute to Australia's economy, with long-term workers alone helping to generate almost \$1 billion in industry value added, and paying \$71 million in income and superannuation taxes from July 2018 to October.<sup>6</sup>

Communities around Australia also benefit from the PALM scheme. Pacific and Timorese workers participate in sporting clubs, church organisations, community groups and local events, enriching the culture of regional and rural communities. Living and shopping locally, they also provide growth opportunities to local businesses. It is estimated that long-term workers alone spent \$137 million on goods and services from July 2018 to October 2022, much of it in local communities in regional Australia.<sup>7</sup> The arrival of families will also deepen connections between communities in Australia and the Pacific.

Pacific and Timorese workers, their communities and countries also benefit greatly from the skills, experience and wages earned while workers are in Australia. The PLF estimates that around \$184 million has been saved or sent to the Pacific and Timor-Leste in the form of remittances by long-term PALM scheme workers between July 2018 and October 2022.<sup>8</sup> The money workers send home constitutes a major share of GDP and household income in many participating countries. This has been critical to supporting the livelihoods of workers' families during the COVID-19 pandemic.<sup>9</sup> Even prior to the pandemic, in Tonga, remittances equalled nearly 38 per cent of GDP and 30 per cent of household consumption in 2019.

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<sup>4</sup> Shiji Zhao, Bill Binks, Heleen Kruger, Charley Xia and Nyree Stenekes (February 2018) What difference does labour choice make to farm productivity and profitability in the Australian horticulture industry? ABARES. Retrieved from: <<https://www.agriculture.gov.au/abares/research-topics/productivity/productivity-drivers/seasonal-workers-report>>

<sup>5</sup> World Bank. Pacific Labor Mobility, Migration and Remittances in Times of COVID-19: Final report. Washington, D.C. : World Bank Group. Retrieved from: <<http://documents.worldbank.org/curated/en/099120012012113001/P17163803caa380cd0a1600b18fddb24d0>>

<sup>6</sup> 'Industry Value Added' is defined as the contribution of PALM scheme workers to Australia's overall GDP. See Pacific Labour Facility, *The Long-Term PALM Scheme: Triple Win During The COVID-19 Pandemic and Beyond*, 2022.

<sup>7</sup> Pacific Labour Facility, *The Long-Term PALM Scheme: Triple Win During The COVID-19 Pandemic and Beyond*, 2022.

<sup>8</sup> Pacific Labour Facility, *The Long-Term PALM Scheme: Triple Win During The COVID-19 Pandemic and Beyond*, 2022.

<sup>9</sup> Dung Doan and Kirstie Petrou (February 2022) Labor mobility and remittances in the Pacific during COVID-19. World Bank Blogs. Retrieved from: <<https://blogs.worldbank.org/eastasiapacific/labor-mobility-and-remittances-pacific-during-covid-19>>

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*Box 1: PALM workers in Alice Springs engage with indigenous residents in aged care*

Australian Regional and Remote Community Services (ARRCS) is an aged care provider in the Northern Territory employing Samoan and Solomon Islander workers in personal care, cooking, cleaning and maintenance roles. ARRCS joined the Pacific Australia Labour Mobility (PALM) scheme in July 2022 after struggling to recruit and retain local staff.

Misa from Samoa is a personal care worker and activities coordinator at Hetti Perkins, one of ARRCS' aged care facilities in Alice Springs. Hetti Perkins is home to people from various local communities and language groups. Misa has enjoyed learning about the residents' cultures and languages and has found some synergies with his own culture, too. "There are similarities between the Indigenous people here in Australia and our people in Samoa. I mostly see this in how they respect their old people. We must respect their needs," he said.

Misa has also enjoyed the opportunity to share his own culture with the residents. "We have a group of Samoan colleagues here, and sometimes when we work together, we try to put on a little show, like singing or dancing. For example, we recently put on a traditional Samoan dance for the residents here and they were happy to see it," said Misa.

Miriam from Solomon Islands is a personal care worker at ARRCS and has also been enjoying learning about First Nations' cultures. One way she has been able to do this is through online training. "ARRCS provided online courses for us to learn more about Indigenous cultures. For example, I learnt that there are 200 to 300 plus different languages. We learnt about the Aboriginal flag and how it represents the sun and the earth. We learnt about the reconciliation program," she said.

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*Working in partnership with State and Territory governments to address workforce needs through the PALM scheme*

State and Territory governments have shown a deep commitment to growing the PALM scheme in Northern Australia. DFAT, in partnership with DEWR and Home Affairs, is committed to working closely with our State and Territory counterparts to deliver on the Government's agenda to expand and improve the PALM scheme. This includes regularly meeting with State and Territory governments through our ongoing monthly consultative structure. We also engage bilaterally to consult on key changes and reforms. For example, DFAT and DEWR recently travelled and met with Queensland, Victorian and Tasmanian counterparts to discuss key reforms related to the 2022-23 Budget.

The NT government is engaging closely with DFAT on priority industries in which the PALM scheme could fill workforce gaps. Industries with gaps include agriculture, aged care, hospitality, tourism and construction. The NT government is developing innovative solutions to attract and grow the number of PALM scheme workers, including in non-traditional PALM scheme sectors. It works closely with the NT Chamber of Commerce, which has a dedicated employee responsible for the growth of PALM scheme in the NT.

Some growers in the NT have argued that shorter deployments should be permitted under the PALM scheme to better align with the mango season. However, under the PALM scheme, employers must ensure workers receive a reasonable Net Financial Benefit during their employment in Australia. In the initial weeks of their placement, workers must repay upfront costs such as the visa application fee and flights, as well as managing ongoing expenses such as accommodation and health insurance. Shorter deployments make it more difficult for workers to repay these debts and also saving money to send home to support their families and communities. DFAT continues to engage with industry on ways to manage shorter harvests which are particularly relevant for some NT agricultural sectors. The new PALM deed and guidelines will embed employer-initiated portability arrangements in the scheme to provide more flexibility for workers to move between employers.

Due to its close proximity and the large Timor-Leste diaspora in Darwin, the NT has a particularly special relationship with Timor-Leste. In July 2019, the NT Government signed an inaugural three-year Strategic Partnership Agreement with the Timor-Leste Government. DFAT shares the NT's ambitions to grow labour mobility opportunities for Timorese PALM scheme workers and is working closely with stakeholders in the

NT and Timor-Leste to maximise opportunities for Timorese workers across a range of sectors. The DFAT-funded Pacific Flights Program supported Darwin and Dili connectivity throughout COVID-19 providing an avenue for PALM scheme workers to fill critical work shortages in Australia during the pandemic (see section 1.3). Pacific Flights Program support for the Dili-Darwin route concluded in March 2022 when commercial services resumed, borders reopened, and frequencies increased – our support was no longer required.

The Queensland government has been enthusiastic in its engagement with DFAT and other stakeholders on opportunities for expansion of the PALM scheme. This engagement stemmed from the need to work closely across the Australian, State and Territory governments on worker quarantine requirements, paving the way for ongoing and deeper engagement on the PALM scheme. Queensland was an early adopter of innovative quarantine solutions, such as on-farm quarantine arrangements, enabling more workers to arrive sooner to support the agriculture sector. Recognising some of the barriers to expanding the PALM scheme, the Queensland government is exploring innovative accommodation solutions for workers, including the potential to repurpose existing infrastructure, such as quarantine facilities.

While currently hosting a relatively small proportion of PALM workers, there is good scope for expanding the program in WA, with particular interest from the horticulture, hospitality, construction, and aged care sectors. There has also been some interest from mining and resources sectors, to use the PALM to source semi-skilled workers such as truck drivers. The WA Government has been an active participant in recent consultations on the proposed reforms to the scheme.

### **1.2 Bolstering economic engagement**

Australia's trade agreements contribute to the development of Northern Australia's workforce by facilitating the temporary entry of skilled workers to address workforce shortages and by liberalising trade and investment, which support high-quality jobs.

Commitments on the temporary movement of people are a standard feature of Australia's international trade agreements, including the World Trade Organization General Agreement on Trade in Services and Australia's free trade agreements (FTAs). These commitments support workforce development goals by providing dedicated avenues for skilled professionals to deliver specific types of highly skilled or technical services. FTAs bind and improve access for skilled professionals from overseas to work temporarily in Australia as well as enable skilled Australians to work overseas in return, facilitating new skill development and building international experience.

At the macro level, trade creates jobs and jobs in export industries tend to pay higher wages. One in four Australian jobs is related to trade. Jobs in export industries pay five per cent above the national average income. FTAs support the creation of high-quality jobs by reducing barriers to trade and investment, spurring business growth.

For example, the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) provides economic opportunities for Australia to benefit from increased trade and investment with Indonesia and participate in Indonesia's human capital development. The IA-CEPA Skills Development Exchange Pilot Project gives businesses in each country the opportunity to develop workforce skills through 6-month work placements in the other country. The Skills Development Exchange is open to Australians and Indonesians working in financial and insurance services; mining, engineering, and related technical services; and information media and telecommunications services. Northern Australia, with its geographic proximity and transport links to Indonesia, is well placed to benefit from these arrangements.

### ***Austrade is helping to bolster Australia's trade and investment***

Austrade, as the Government's key trade, investment and education promotion agency facilitates practical commercial outcomes to create jobs and grow Australia's prosperity. Austrade also holds responsibility for Australia's tourism policy and global promotion of Australian education and training. As a commercially orientated service delivery agency with policy expertise, Austrade provides strong business expertise and commercial-level intelligence from businesses, investors and customers and works with exporters and investors to deliver commercial outcomes.



### ***Southeast Asia Economic Strategy***

In 2020, Southeast Asia had a combined GDP of \$4.5 trillion and a population size of over 680 million, with a growing hub of young, highly educated, entrepreneurial talent — over half of Southeast Asia is under 30 years old.

Australia's future prosperity will be heavily shaped by how we can continue to tap into the growth and dynamism of Southeast Asian markets. In any match-up of economic complementarity with growth potential, the greatest trade and economic opportunities for Australia lie in the ASEAN region. Their proximity places Northern Australian business in a prime position to capitalise on regional growth trends.

DFAT, in coordination with Austrade and whole-of-government partners, is developing a Southeast Asia Economic Strategy to 2040 to define pathways for Australia to unlock the opportunities offered by Southeast Asia's growth. The Strategy will map trade and investment opportunities and provide recommendations for practical measures to foster greater economic engagement by Australian business.

The Strategy will take a sectoral approach and look at practical measures to deepen Asia capability and literacy, leverage diaspora and alumni groups, enhance the participation of women and First Nations people, and maximise the impact of development and trade finance arrangements and collaboration with likeminded international partners.

The recently announced Special Envoy for Southeast Asia will lead consultations with business and political leaders in Australia, including in Northern Australia, as well as Southeast Asia to understand the priorities and challenges of businesses and governments.

### ***Our strong relationships with Asian countries – case studies on Vietnam and Indonesia***

Our enduring ties with Asian countries positions us well to seize opportunities to address workforce development in Northern Australia. As Northern Australia's closest and largest international neighbour, Indonesia is a key economic partner. Northern Australia's relationship with Indonesia dates back hundreds of years with Makassan seafarers trading with First Nations traders along the coastline. This proximity and history have given rise to strong social, political and trade connections between Indonesia and Northern Australia. The Government is committed to deepening our trade and investment relationship with Indonesia, which has been bolstered by the entry into force of Indonesia Australia-Comprehensive Economic Partnership Agreement (IA-CEPA) in July 2020.

Trade and Tourism Minister, the Hon Don Farrell attended the Australia-Indonesia Business Council Conference in Darwin in November 2022 to support the Government's efforts to deepen commercial and economic ties with Indonesia. Minister Farrell recognised the Northern Territory Government's keen desire to explore possible options to the current major skills shortages. He drew attention to the mobility programs agreed under IA-CEPA, particularly the increased Work and Holiday Visa (WHV) places for Indonesians (increased by 30% for 2022-23 to over 5,700) and the Skills Development Exchange Program, which allows for businesses to exchange workers for up to six months in each country. With the re-opening of borders and initial strong uptake of WHV places among Indonesians in recent months, the mobility offered by these schemes presents an accessible and reliable solution to address the current major skills shortages.

At the sub-national level, Indonesia and Northern Australia have a range of longstanding relationships that have fostered mutual economic development and cooperation. The Northern Territory entered into a twin province agreement with the West Nusa Tenggara Provincial Government in March 2022, coinciding with the 30th anniversary of the memorandum of understanding between the Northern Territory and Indonesia. The Western Australia-East Java (signed 1990) and Queensland-Central Java (signed 1991) recently celebrated their 30-year anniversaries.

Strong sister state agreements are a critical tool to boost tailored and mutually beneficial sub-national engagement. In light of the Team Australia approach, DFAT commends the State and Territory governments in Northern Australia for these subnational agreements, which contribute significantly to strengthening the bilateral services trade relationship with Indonesia. We encourage Northern Australian governments to pursue opportunities to host Indonesian delegations from their sister states and visit in return, as the personal networks built on these visits are an essential component to ensuring visibility of the opportunities

available to Indonesians in Northern Australia and building interest in taking maximum advantage of IA-CEPA's skills packages.

Australia also has a longstanding bilateral relationship with Vietnam, which presents opportunities to bolster the Northern Australia workforce. On 1 November 2021, Australia and Vietnam finalised the Australia-Vietnam Enhanced Economic Engagement Strategy (the Strategy), which supports our two countries' joint ambition of becoming top ten trading partners and doubling two-way investment.

Northern Australia has recently been a focus of Vietnamese investment in Australia's resources sector, with Vietnamese company Hoa Phat's acquisition of the Roper Valley iron ore mining operation in the NT in May 2021. The investment creates jobs and will add as much as \$185 million to Australia's annual export revenue.

Consistent with Australia's foreign investment regime, Vietnamese companies are welcome investors in Australia's agricultural sector, helping to create jobs in rural and regional areas. Agricultural conglomerate TH Group, Vietnam's largest fresh milk company, invested \$130 million in three cattle stations in Northern Australia in 2020. AnVien Group invested \$18 million in a cattle station in the NT in 2016.

The Strategy also supports Vietnam and Australia deepening trade and investment relationships at the sub-national level, such as between the northern Australia and Vietnamese provinces and cities. The NT currently has sub-national agreements with Ho Chi Minh City, Hai Phong City, Ba Ria-Vung Tau Province and will shortly sign a cooperation agreement with Kien Giang Province.

WA also has a sister state relationship with Ba Ria-Vung Tau, with particularly strong trade links in the shipping industry. In the 2022-23 budget, WA also announced the establishment of a new Trade Commissioner position in Ho Chi Minh City, complementing its existing office in Hanoi.

Queensland's Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities Mark Furner undertook a three-day trade mission to Vietnam in August 2022 to explore trade opportunities in Queensland's agriculture sector.

### **1.3 Regional air connectivity through the Pacific Flights Program**

Australia has supported our partners in the region to stay safely and regularly connected by air with each other and with Australia. As part of Australia's temporary and targeted COVID-19 response, the Pacific Flights Program was established to maintain critical minimum connectivity on priority routes. PFP support included routes from Northern Australia ports, such as Brisbane and Darwin, to countries in the Pacific and Timor-Leste. The PFP removes the commercial risk for airlines to operate agreed flights, which assured the operation of regular and scheduled commercial flights throughout the pandemic. As borders reopened and airlines resumed commercial services, PFP support has gradually reduced. The PFP is now transitioning from the immediate COVID-19 response and focussing on routes that support economic development outcomes.

Since December 2020, Australia has supported more than 603 return flights through six commercial airlines from the Pacific and Australia to priority countries in the Pacific and Timor-Leste. This has facilitated travel for over 41,000 passengers, including PALM scheme workers, sick patients and health professionals, strengthening people-to-people linkages. It also enabled the movement of over 4,268 tonnes of cargo, including critical COVID-19 vaccines and medical supplies (as at 7 November 2022).

As borders re-open and tourism markets begin to rebuild, Australia's aviation support is now focused on building a stronger enabling environment; improving safety outcomes; and increasing cooperation and connectivity support on targeted routes within the Pacific region. These connections continue to support economic development in Northern Australia through enabling the movement of people for tourism and business; facilitating trade and employment opportunities including labour mobility; and supporting better and regular access to international ports and markets.

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### *Box 2: Mango Harvest Pilot to recommence labour mobility in the Northern Territory*

The Northern Territory produces around 52 per cent of Australia's mango crop with a farm gate production value of over \$128 million ([Department of Industry, Tourism and Trade](#)). In 2020, during the COVID-19 pandemic, the governments of Australia, Vanuatu and Northern Territory worked together to address workforce shortages through a PALM scheme pilot to support the mango harvest while the border was closed.

In September 2020, 162 PALM scheme workers arrived from Vanuatu – the first group since 20 March 2020. Health measures, including 14 days of quarantine, were implemented to protect Northern Territory communities and workers. Labour market testing ensured Australian jobseekers were given priority.

Barry Albrecht, owner of Arnhem Mangos, said "without these people, the Northern Territory wouldn't get the crop off". Based on the pilot's success, a further nine flights from four different Pacific island countries and Timor-Leste arrived in Australia before Christmas. The pilot's success provided confidence to recommence labour mobility and scale up worker numbers during the pandemic, particularly in the agriculture sector. Northern Australia was a major beneficiary of the influx of workers that followed.

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## Impediments to building the economic and social infrastructure required to support Northern Australia Workforce Development

DFAT and Austrade engages regularly with industry representatives and the NT, Queensland and WA governments. Our engagement includes the Commonwealth, States and Territories Working Group, which meets monthly; the PALM Advisory Group, which meets quarterly and is made up of employer representatives, industry peak bodies, Pacific diaspora, Pacific governments, unions, community organisations and the Australian Government; and PALM scheme sector-specific committees that meet quarterly and engage at the operational level. In addition, DFAT has recently led extensive consultations on proposed reforms to the PALM scheme – in mid-2021 and most recently in September and October 2022.

Through this engagement, we continue to identify and work collaboratively with stakeholders on how to better enable businesses to access the PALM scheme. These include:

- **improved arrangements for worker portability** (moving workers with their consent between PALM scheme approved employers) to ensure employers have flexibility to meet their business needs and provide workers with sufficient working hours, with the possibility of moving to a marketplace (worker-initiated movement) model over time;
- exploring options to **reduce red tape for employers**, and **better support small growers'** participation in the scheme without weakening worker protections, including considering the role of industry accreditation schemes in the program; and
- considering options to **improve accommodation availability and affordability** in regional Australia, including ways to encourage investment in high quality accommodation, acknowledging this will require cross-jurisdictional coordination between state/territory governments and local councils.

The Government is acutely aware of the accommodation challenges facing not only the PALM scheme, but the nation as a whole. Availability of affordable, appropriate accommodation – particularly for low-income workers – is a critical challenge and has been exacerbated by the impacts of COVID-19. In recognition of these challenges, the Government is establishing an Accommodation Working Group to provide a forum for PALM scheme approved employers and other stakeholders to discuss accommodation issues and seek workable solutions. The design of the Accommodation Working Group is currently being developed, with the first meeting expected to be held in early 2023.

## Attracting and retaining a skilled workforce across Northern Australia

DFAT and Austrade recognises the importance of attracting and retaining a skilled workforce in Northern Australia. While not limited to challenges faced by Northern Australia, DFAT and Austrade's business and community engagement has highlighted common challenges across Australia to attracting and retaining a skilled workforce:

- Exporting businesses have higher wages and more stable employment but need skills to deliver future products and services to the world;
- Foreign capital and innovative foreign businesses help build our own capabilities, particularly in technology and services exports. However, foreign firms want long term planning and better data and analytics to target policy interventions, including identifying sectors and regions impacted by skills and labour shortages;
- Australia's visa processes are perceived as too restrictive to tap the wealth of talent in the international labour market, including for international students currently studying in Australia. The government's migration review could propose options that benefit Northern Australia through simplified, streamlined and more dynamic frameworks that respond to changing needs of the economy and future-focused industries;
- Australian students need to be encouraged to study, live and develop language and cultural understanding of people in our region. Asian literacy skills will be critical if Australia is going to capture future trade opportunities;
- Free trade agreements that promote the mobility of skilled workers, including opportunities for Australian workers to gain skills and experience abroad, have not been fully utilised and could provide a significant boost for exporters;
- Australia needs to invest further in and promote national logistics and supply chains expertise in order to further advance the skills needed to maintain international competitiveness; and
- There is a perception that companies seek to employ foreign workers to reduce the costs of employing Australian workers. It is not widely known by the public how global companies invest in the Australian workforce, build domestic capability and facilitate the transfer of technology, which all help create local jobs.

Our strong relationship with the Pacific and Timor-Leste presents opportunities to support workforce development in Northern Australia. Skills development is an important element of circular labour mobility. Pacific partner governments consistently advocate for opportunities to upskill PALM scheme workers. The PALM scheme offers a small-scale Skills Development Program for formal qualifications (Certificate I to III).

DFAT also delivers the Australia Pacific Training Coalition (APTC), which meets the needs of Australian employers and industry through the delivery of Australian qualifications in the Pacific. APTC has produced nearly 18,000 graduates with high quality Australian qualifications since 2007 and partners with Pacific training providers to ensure quality delivery. APTC graduates are supported to transition to employment to fill critical workforce shortages, earn an income and support regional productivity and growth. A number of these graduates go on to participate in labour mobility programs, contributing to Australia's skilled workforce, including in Northern Australia. Of 1,166 long-term PALM workers surveyed by the PLF, 140 workers had APTC qualifications (69 from Fiji, 32 from Vanuatu, 23 from Samoa and 16 from Solomon Islands).

The Northern Australian workforce is comprised partly of workers in Australia on a temporary visa arrangement, such as PALM scheme workers, limiting the extent to which this workforce can be retained. While there is potential to explore pathways for skilled migration for PALM workers, any future changes to current settings would need to be balanced with circular migration opportunities that deliver a net 'brain gain' to the Pacific.

The new Pacific Engagement Visa (PEV) will start in July 2023 and offer a permanent migration pathway for visa holders and their families to settle in Australia. The program is intended to grow the Pacific and Timor-Leste diaspora in Australia and further strengthen people to people links. Up to 3,000 visas will be allocated annually across participating countries. Potential applicants will be selected through a ballot process

conducted by Home Affairs and eligible to apply for the PEV. Applicants will be required to meet criteria such as age, English proficiency, health and character, in addition to securing an offer of employment in Australia.

Northern Australia has the potential to be a destination of choice for Pacific and Timorese PEV holders. Working closely with employers, local councils, and churches in the region to establish a strong sense of community where diversity is celebrated, would encourage PEV holders to select Northern Australia as their settlement destination.

## Conclusion

This submission has outlined the value that Australia's international engagement and initiatives like the PALM scheme can offer to developing the Northern Australian workforce. Looking ahead, the Foreign Affairs and Trade Portfolio will focus its efforts on:

- exploring opportunities for **collaboration with the First Nations Australians business sector** and peak body groups for growth in the international market for First Nations' trade and investment and arts and culture;
- **establishing an Accommodation Working Group**, as our engagement through consultations on the PALM scheme has indicated that the lack of available and affordable accommodation is an impediment to expansion of the scheme;
- **harnessing the APTC**, as a useful resource for developing skills in the Pacific that are of use in Northern Australia specifically. Existing partnerships, such as the cooperation between the NT and Timor-Leste governments, would benefit from additional resources to support the growth and function of the programs;
- continuing to build **a stronger enabling environment for Pacific aviation**, improving safety outcomes and increasing cooperation and connectivity support on targeted routes within the Pacific region; and
- implementing the Government's commitments to enable **family accompaniment** for long-term PALM scheme workers, **expanding aged care pilots**, **reducing the burden of upfront travel costs** and **relocating the former AAV** under the PALM scheme, with a focus on the particular needs of Northern Australia.

## Appendix A: Top exports and export destination by State

### Queensland's exports: major commodities and export destinations

	Commodity	2021-22 A\$000	Share of Australia's total sectoral exports (%)		Export destination	Share of Queensland's exports (%)
1	Coal	69,753,120	61	1	Japan	18
2	<i>Confidential items</i>	23,644,593	<i>na</i>	2	India	17
3	Beef	5,658,918	57	3	Republic of Korea	15
4	Copper	2,689,203	60	4	China	14
5	Other ores	2,427,304	51	5	Vietnam	5

### NT exports: major commodities and export destinations

	Commodity	2021-22 A\$000	Share of Australia's total sectoral exports (%)		Export destination	Share of NT's exports (%)
1	<i>Confidential items</i>	15,345,479	<i>na</i>	1	Japan	44
2	Other ores	766,714	16	2	China	14
3	Live animals (excl seafood)	403,008	28	3	Singapore	11
4	Aluminium ores & conc (incl alumina)	351,053	4	4	Taiwan	8
5	Iron ore	44,080	0	5	Republic of Korea	7

### Western Australia exports: major commodities and export destinations

	Commodity	2021-22 A\$000	Share of Australia's total sectoral exports (%)		Export destination	Share of WA's exports (%)
1	Iron ore	131,396,690	99	1	China	56
2	<i>Confidential items</i>	59,930,764	<i>na</i>	2	Japan	13
3	Gold	18,739,739	81	3	Republic of Korea	7
4	Crude minerals	4,922,067	96	4	Singapore	4
5	Aluminium ores & conc (incl alumina)	4,210,564	42	5	Taiwan	3

Source: ABS ITGS (September 2022), DFAT.

Note: the ABS has been required to apply economy level restrictions to a number of commodities. These include, but are not limited to, LNG.

## Appendix B: Pacific Australia Labour Mobility scheme key statistics

### Current workers in Australia by state and territory (31 October 2022)

Program	NSW	VIC	QLD	WA	SA	TAS	NT	ACT	Total
SWP	2,710	3,418	7,095	2,125	1,962	2,092	1,011	0	<b>20,413</b>
PLS	2,776	2,167	3,957	1,174	543	189	261	20	<b>11,087</b>
<b>TOTAL</b>	<b>5,486</b>	<b>5,585</b>	<b>11,052</b>	<b>3,299</b>	<b>2,505</b>	<b>2,281</b>	<b>1,272</b>	<b>20</b>	<b>31,500</b>

### Current workers in Australia by country of origin (31 October 2022)

Program	Fiji	Kiribati	Nauru	PNG	Samoa	Solomon Islands	Timor-Leste	Tonga	Tuvalu	Vanuatu	Total
SWP	1,324	328	0	235	2,498	1,110	2,877	3,936	0	8,105	<b>20,413</b>
PLS	2,899	487	5	691	1,854	2,787	528	840	44	952	<b>11,087</b>
<b>TOTAL</b>	<b>4,223</b>	<b>815</b>	<b>5</b>	<b>926</b>	<b>4,352</b>	<b>3,897</b>	<b>3,405</b>	<b>4,776</b>	<b>44</b>	<b>9,057</b>	<b>31,500</b>

### Current workers in Australia by gender (September 2022)\*

Program	Male	Female	Total
SWP	14,133*	4,551*	<b>18,684</b>
PLS	8,294	2,097	<b>10,391</b>
<b>TOTAL</b>	<b>22,427</b>	<b>6,648</b>	<b>29,075</b>

\*Please note – SWP gender splits are approximate based on recruitment details.

### Current workers in Australia by gender (October 2022)\*

Program	Male	Female	Total
SWP	16,019*	4,394*	<b>20,413</b>
PLS	8,851	2,236	<b>11,087</b>
<b>TOTAL</b>			<b>31,500</b>

\*Please note – SWP gender splits are approximate based on gender proportions of visa grant data.