



Reforming the Seasonal Worker Program	
Party:	Australian Labor Party
Summary of proposal: Under this proposal, the Australian Government would pay the upfront travel costs of workers participating in the Pacific Australian Labour Mobility Seasonal Worker Programme (PALM – SWP), excluding the first \$300 that employers would pay per worker. Upfront costs would either be recouped through: <ul style="list-style-type: none">• a flat dollar tax levy on Departing Australia Superannuation Payments (DASP) made to SWP workers, that would be equivalent to the amount of upfront travel costs that the Government would have paid, or• increasing the 15% withholding tax rate on SWP workers’ gross income, so that the amount of additional income tax that is paid is equivalent to the amount of upfront travel costs that the Government would have paid. This proposal would commence from 1 January 2023.	

Costing overview

This proposal would be expected to have a nil impact on the fiscal and underlying cash balances over the 2022-23 Budget forward estimates. This reflects an increase in administered payments and a corresponding increase in administered revenue.

A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2032-33 is provided at Attachment A.

Departmental expenses for both options would not be expected to be material because they would not significantly alter the current administrative arrangements.

The projected number of SWP workers is uncertain and is highly sensitive to border restrictions (including potential border closures).

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-	-	-	-	-
Underlying cash balance	-	-	-	-	-

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- The number of workers participating in the SWP would return to 'pre-COVID' levels in 2022-23.
- The annual costs of travelling from countries participating in the SWP would gradually decrease by 25% from 2020-21 to 2024-25, reflecting a return to 'pre-COVID' travel costs.
- The countries participating in the SWP would not change over the period to 2032-33.
- SWP workers would remain in Australia for less than one year and would not remain in Australia over 2 financial years. This is consistent with the observed harvest patterns of SWP participating growers.

Methodology

Upfront travel costs incurred by the Australian Government

The total amount of upfront travel costs that would be incurred by the Australian Government was estimated by multiplying the number of estimated SWP workers by the estimated remaining average travel costs after subtracting the first \$300 covered by their employers.

- The annual estimated seasonal worker population from each of the SWP participating countries was based on the historical number of SWP migrants and the expected increase in the general Australian labour force over the period to 2032-33.
- The annual average costs of travelling from each of the SWP participating countries to Australia in 2020-21 were based on historical information provided by the Department of Education, Skills and Employment. These estimates were then assumed to gradually decline by 25% over the period to 2024-25, reflecting the fact that travel costs during 2020-21 were inflated because of the COVID-19 pandemic.

Recoupment of travel costs through the tax system

The increase in tax revenue collected from either imposing a flat dollar tax on SWP worker's DASP or increasing the withholding tax rate was calculated as equivalent to the aggregate upfront travel costs incurred by the Australian Government as calculated above. Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.¹

Data sources

The Department of Education, Skills and Employment provided population and travel data on the SWP for the 2018-19 and 2019-20 financial years.

The Australian Taxation Office provided income and superannuation data of seasonal workers for the 2018-19 and 2019-20 financial years.

The Treasury provided economic parameters and labour force forecasts as at the 2022-23 Budget.

¹ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Attachment A – Reforming the Seasonal Worker Program – financial implications

Table A1: Reforming the Seasonal Worker Program – Fiscal and underlying cash balances (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Revenue													
<i>DASP and withholding tax</i>	11.7	20.5	19.1	19.3	19.5	19.7	19.9	20.2	20.5	20.8	21.0	70.6	212.2
Total – revenue	11.7	20.5	19.1	19.3	19.5	19.7	19.9	20.2	20.5	20.8	21.0	70.6	212.2
Expenses													
Administered													
<i>Upfront travel costs incurred by the Commonwealth Government</i>	-11.7	-20.5	-19.1	-19.3	-19.5	-19.7	-19.9	-20.2	-20.5	-20.8	-21.0	-70.6	-212.2
Total – expenses	-11.7	-20.5	-19.1	-19.3	-19.5	-19.7	-19.9	-20.2	-20.5	-20.8	-21.0	-70.6	-212.2
Total (excluding PDI)	-	-	-	-	-	-	-	-	-	-	-	-	-

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

Table A2: Reforming the Seasonal Worker Program – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<i>Fiscal balance</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Underlying cash balance</i>	-	-	-	-	-	-	-	-	-	-	-	-	-

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO’s online budget glossary².
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- Indicates nil.

² [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)