

## Minimum hours requirement and interaction with minimum net pay guarantee

It is a requirement under the PALM scheme [deed](#) and [guidelines](#) that employers must (in all but exceptional and force majeure circumstances) offer:

- short-term PALM scheme workers a minimum of 30 hours work per week (hours can be averaged over 4 weeks until 30 June 2024) and
- long-term PALM scheme workers full time hours in every week of their placement.

The minimum net pay guarantee (to ensure a worker's weekly take home pay is at least \$200) is intended to apply in any week where:

- (upfront) deductions are unusually high (perhaps because of repaying flight costs or other initial allowable deductions) and/or hours for a short-term worker are lower (while 30 hours are being averaged over 4 weeks), and therefore pay that week may be less than \$200 or
- exceptional circumstances outside of the employer's control i.e. a force majeure event, prevent a worker from undertaking their normal hours of employment.

The minimum net pay guarantee and minimum hour requirements apply to all PALM scheme workers and are implemented only in agreed exceptional circumstances or force majeure events.

Where a PALM scheme employer is unable to offer a short-term worker a minimum of 30 hours per week, or a long-term worker full-time hours, as a result of a force majeure event (as defined on page 11 of the PALM scheme deed) and this has been agreed by the Department of Employment and Workplace Relations (DEWR), the minimum net pay guarantee (section 5.1.7) comes into effect. Any exceptional circumstances must also be agreed by DEWR.

Note: employers should note that there are separate provisions which cover shutdowns and standdowns (section 3.7.6 to 3.7.10). DEWR is currently working with industry stakeholders to review these provisions to ensure they are fit for purpose.

**Scenario 1 - minimum net pay guarantee**

A short-term worker is offered (and works) 25 hours of work in a week.

The reduction in hours offered to the worker is advised to DEWR, but as minimum hours for short-term workers are still averaged over 4 weeks, and the employer is confident the average will be exceeded over that time, it is not necessary to implement contingency arrangements.

The worker earns a weekly after-tax wage of \$500, and after deductions (including for flights, accommodation, and transport) of \$350, will receive a weekly net pay of \$150.

As the worker must receive a minimum of \$200 net pay per week, the employer can only deduct \$300 (not the full \$350), leaving the worker with a net pay of \$200 for the week. The remaining \$50 outstanding to cover the cost of deductions can be deducted in following weeks when the worker's pay allows.

Where the employer offers a short-term worker less than 20 hours of work in a week, the limits on deductions provision also comes into effect (section 3.7.4 of the guidelines). It is a requirement that for any week in which less than 20 hours of work is offered, the employer must cover the cost of accommodation and transport for that week and these costs cannot be recouped (section 3.7.4 of the guidelines).

**Scenario 2 - offering less than 20 hours due to exceptional circumstances or force majeure event**

A short-term worker is offered 18 hours of work due to an extreme weather event. The reduction in hours offered is advised to and agreed by DEWR. The worker earns \$420 gross for the week (less tax of \$63 = \$357 net). The employer is required to pay the worker's accommodation and transport costs for the week. These costs cannot be recouped.

If there are other deductions not related to accommodation and transport, the employer can deduct these but must ensure the worker receives at least \$200 for the week. In this example, if the other deductions total \$180, the employer can only deduct \$157 as the worker must be paid a minimum of \$200 for that week. The remaining \$23 can be deducted in the following weeks when the worker's pay allows.

**Scenario 3 - offering short-term workers less than minimum hours in any one week**

An employer doesn't have enough work to offer a worker the minimum hours required in circumstances that do not constitute exceptional circumstances or a force majeure event. The employer is required to implement their contingency plan which must include exceptional circumstances where an employer is not able to meet their obligations under the PALM scheme deed and guidelines. The contingency plan should include options to ensure that a worker continues to be offered their minimum hours of work. This could include redeploying the worker to other work on site or short-term portability arrangements.

Regardless of the implementation of the contingency plan, if workers are offered less than their minimum hours, both the minimum net pay guarantee and the provisions relating to employers covering accommodation and transport cost where workers are offered less than 20 hours per week may also come into effect.

**Scenario 4 - offering long-term workers less than full-time hours in any one week**

Long-term workers are employed on a full-time basis and are required to be paid accordingly. Standard full-time pay is expected to be maintained for (long-term) full-time workers when agreed hours of employment cannot be offered (outside of force majeure events or exceptional circumstances).

If there are exceptional circumstances or a force majeure event, the employer is required to notify DEWR and implement contingency arrangements. Arrangements in the contingency plan

should include options that ensure a worker continues to be offered their full-time hours of work. These options could include redeploying the worker to other work on site or short-term portability arrangements.

Regardless of the implementation of the contingency plan, full-time long-term workers are required to be paid according to their full-time employment status.

**Scenario 5 - workers transferring from one host site to another**

A labour hire company employer is unable to offer a long-term worker full-time hours due to a delay in transferring the worker from one host site to another. As the transfer period is not an exceptional circumstance, the employer must continue to offer the worker full-time hours of work (or with the worker's agreement access annual leave) and pay the worker according to their full-time employment status.

DEWR expects that the employer's contingency plan will include options to accommodate these situations to maintain full-time hours of employment.

The net minimum pay guarantee (or limits on deductions) will only come into effect when the worker is paying back flights and any other upfront deductions that result in their net pay being less than \$200 in any one week. Options to ensure hours of employment are maintained could include redeploying workers to other activities until workers commence at the new host site.