

Pay parity obligations

This factsheet is designed to support Pacific Australia Labour Mobility (PALM) scheme employers to meet their pay parity obligations outlined in the PALM scheme Approved Employer Guidelines. This factsheet provides supplementary guidance for PALM scheme employers. It does not displace or override the obligations outlined in the guidelines.

The Australian Government is committed to ensuring PALM scheme workers have a positive and productive experience while they are in Australia.

Within the PALM scheme, pay parity is intended to ensure all PALM scheme workers:

- receive pay equivalent to other employees performing the same type of work and engaged at the same site - that is, the same as their Australian counterparts
- who are engaged by a labour hire company are paid at a minimum the same rate of pay that would apply if they were directly engaged by the host employer.

What is pay parity?

Pay parity is a provision within the PALM scheme settings that is a condition of recruiting PALM scheme workers.

To comply with pay parity requirements, PALM scheme employers must pay all workers the same full rate of pay attached to their classification in the applicable Fair Work Instrument if workers are performing the same type of work and are engaged at the same site as other employees.

In practice, this means PALM scheme employers need to:

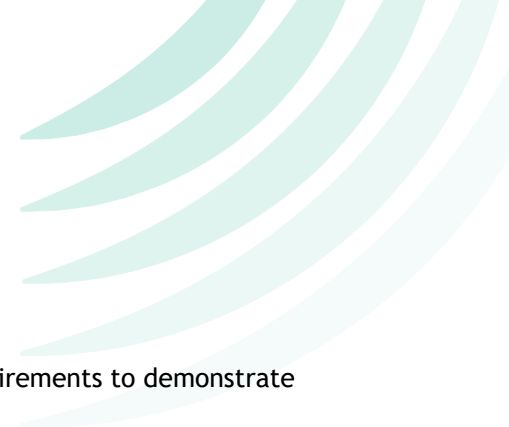
- identify the full rate of pay that would apply to the PALM scheme worker if they were directly engaged at a host site
- compare the full rate of pay to the PALM scheme worker's proposed full rate of pay
- reconcile any differences between the rates of pay and uplift the PALM scheme worker's pay if it falls below the full rate of pay for other workers performing the same type of work who are engaged at the same site.

It is the responsibility of the PALM scheme employer to identify the applicable rate of pay and ensure pay parity requirements are met for the duration of a PALM scheme worker's placement. This factsheet provides some tools that may assist PALM scheme employers to do this.

Full rate of pay

The full rate of pay is defined in section 18 of the *Fair Work Act 2009* and includes the base rate of pay, incentive-based payments, loadings, monetary allowances, overtime and penalty rates, and any other separately identifiable amounts.

The full rate of pay in a PALM scheme employer's recruitment application will be considered but not conditions that seek to compensate or balance lower pay rates. For example, monetary allowances and loadings such as daily hire loading are included in the full rate of pay while flexible work arrangements that do not attract a pay loading or other compensation are not.



Evidence to demonstrate pay parity

Direct employers and labour hire companies have different evidence requirements to demonstrate pay parity.

Evidence needed to demonstrate pay parity

Direct employers	Labour hire companies
Declaration of compliance on the PALM information system (PALMIS) to comply with sections 2.3.1 and 2.3.2 of the guidelines.	Declaration of compliance on PALMIS to comply with sections 2.3.1 and 2.3.2 of the guidelines.
Evidence demonstrating intention to comply with pay parity requirements. This must be included in the draft offer of employment.	Evidence demonstrating intention to comply with pay parity requirements. This must be included in the draft offer of employment.
Evidence of the relevant rate of pay in the applicable Fair Work Instrument that would apply to any other employee outside the PALM scheme. This must be included in the draft offer of employment.	Evidence of the relevant rate of pay in the applicable Fair Work Instrument that would apply to an employee engaged directly by the host organisation. This must be included in the draft offer of employment.
	A statement countersigned by the host organisation and labour hire company agreeing to maintain pay parity for the duration of the worker's placement. This must be included in the draft offer of employment.

Regulated labour hire orders

The *Fair Work Legislation Amendment (Closing Loopholes) Act 2023* amended the *Fair Work Act 2009* to allow employees, unions and host employers to apply to the Fair Work Commission for an order that labour hire employees must be paid at least what they would receive under a host business's enterprise agreement.

If a labour hire company is subject to, and complying with, an applicable Fair Work Commission Order, the PALM scheme employer will be deemed to have complied with the pay parity requirements of the PALM scheme.

Template to help comply with pay parity

This template supports PALM scheme employers to comply with pay parity requirements. It is not mandatory to use this template, but it may assist PALM scheme employers demonstrate pay parity if evidence is requested.

Checklist for completing this template

- Identify the applicable Fair Work Instrument for the PALM scheme worker being recruited.
 - Identify the full rate of pay (table 1).
- Identify the applicable Fair Work Instrument for any other employee engaged at the same site and performing the same duties as a PALM scheme worker.
 - Identify the full rate of pay (table 2).

- Compare the full rate of pay for any other employee with that for a PALM scheme worker.
 - Identify any discrepancies and outline how they will be resolved (table 3).

Table 1: PALM scheme worker pay details

This table can be populated using information from the PALM scheme worker’s offer of employment and the applicable Fair Work Instrument. If there are multiple different roles/placements for the PALM scheme worker, complete multiple tables and identify the relevant role/placement/location for each table.

The Fair Work Instrument applicable to PALM scheme workers under the proposed recruitment would be:	<i>Title of Fair Work Instrument (e.g. Modern Award, Enterprise Agreement)</i>
A copy of that Fair Work Instrument:	<i>Attached/at the following link:</i>
The PALM scheme workers’ classification will be:	<i>Identify the relevant classification under the instrument</i>
The applicable full rate of pay for the PALM scheme worker will be:	<i>Insert figure, indicate if per hour/per week.</i>
	<i>Break down the full rate of pay - insert N/A if not applicable, add additional rows if needed</i>
	<i>Base rate of pay</i>
	<i>Casual loading</i>
The full rate of pay includes:	<i>Performance incentive</i>
	<i>Overtime</i>
	<i>Penalty rates</i>
	<i>Other loading</i>

Table 2: work site pay details

This table is to outline the applicable full rate of pay for any other employees engaged at the work site doing the same type of work. This could be where a host site has a different applicable Fair Work Instrument than the PALM scheme employer engaging the PALM scheme worker.

The Fair Work Instrument applicable to work site:	<i>Title of Fair Work Instrument (e.g. Modern Award, Enterprise Agreement)</i>
A copy of that Fair Work Instrument:	<i>Attached/at the following link:</i>

The applicable classification for an employee under that instrument performing the same type of work as the PALM scheme workers proposed to be recruited would be:

Identify the relevant classification under the instrument

The applicable full rate of pay at the work site will be:

Insert figure, indicate if per hour/per week.

Break down the full rate of pay - insert N/A if not applicable, add additional rows if needed

Base rate of pay

Casual loading

The full rate of pay includes:

Performance incentive

Overtime

Penalty rates

Other loading

Table 3: comparison of applicable Fair Work Instruments

This table is to identify any differences between the full rate of pay applicable to PALM scheme workers compared to the full rate of pay applicable to other employees performing the same duties at the same site.

Are there forthcoming changes to the applicable Fair Work Instrument?

For example, expiry of the instrument, negotiation of new pay rates.

What is the change and when will it apply?

What differences are there between the Fair Work Instruments that will apply to PALM scheme workers versus other employees at the site?

For example, differences in full rate of pay such as applicable loadings or allowances.

What action will the PALM scheme employer take to address any differences and ensure pay parity?

For example, providing an additional loading or allowance to ensure PALM scheme workers have the same full rate of pay as other workers.

Any other information or comments