Regional employment and labour mobility

Need for a Donor-led Strategy

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Key argument

• Australia needs to do more to give young people from the Pacific & Timor-Leste better access to jobs in Australia

• Existing initiatives are either not working or are too small to make much difference

• An explicit donor-driven Jobs Strategy is needed
My background

• ADB assignment for over two years to develop a framework for demand-focused technical and vocational education and training for the Pacific & Timor-Leste

• Role as labour market analyst to identify local & international sources of demand for skill

• Late 2012 conducted skills review for Tonga, based on primary & secondary data analysis, AusAID & NZAID funding

• Now working on a national graduate tracer survey in Samoa, AusAID funding
Pressure for change

• World Development Report 2013 on Jobs
• Calls for regional strategies such as Pacer Plus to make greater labour mobility possible
• Calls from national consultations to provide jobs for the increasing number of educated young people
Pressure for change

• Ten countries stand out with a high youth (aged 15-24 years) shares of their adult working age populations (aged 15-59 years).

• Timor-Leste 45%, Marshall Islands (42%), Federated States of Micronesia (40%), Vanuatu and Tonga (37%), Samoa and Kiribati (36%), Solomon Islands (35%), and Papua New Guinea and Nauru (34%).
Pressure for change

• Youth bulge - Australian Governments Defence White Paper

• But no analysis of which countries have the largest youth bulges & why

• Large youth bulges are in Melanesian countries: result of high birth rates but also lack of opportunity to migrate

• Many Micronesia & Polynesian countries able to migrate for work (eg FSM & RMI to USA; Samoans and Tongans to USA & NZ)
Pressure for change

• Weak domestic economies unable to generate jobs
• Large inflow of foreign skilled and semi-skilled workers eg Timor-Leste, FSM, RMI, Tonga
• Inflow not just due to lack of technical skills
• Local workers also lack work experience & work discipline
• Pacific island countries & Timor-Leste are locked into a low-wage, low-skills trap
Current situation

• High levels of educated young people who are NEET
• Formal sector employment rate is low
• Evidence from Samoa, Vanuatu & Timor-Leste
Data on employment rate

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Samoa</th>
<th>Vanuatu</th>
<th>Timor-Leste</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion who are in paid employment (percent)</td>
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<td></td>
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<tr>
<td>15-19 yrs</td>
<td>4</td>
<td>9</td>
<td>3</td>
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<tr>
<td>20-24 yrs</td>
<td>25</td>
<td>23</td>
<td>12</td>
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<tr>
<td>25-29 yrs</td>
<td>34</td>
<td>28</td>
<td>24</td>
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Available jobs in Australia

• Over one million temporary visa holders in Australia: see ‘Foreign workers in fraud crackdown’ The Australian April 25, 2013

• 457 visas (approx 120,000), Working Holiday visas (approx 136,000), Overseas Students, Overseas students who have graduated

• Approx 100,000 illegal workers: Source Department of Immigration and Citizenship (DIAC) Compliance Branch
Current Response re jobs & skills training

- A number of initiatives from Australia & NZ
- Seasonal worker programs (1,500, 7,000), small number on Visa 442 (occupational training)
- Strengthening TVET projects in Kiribati, Samoa, Tonga & Vanuatu
- APTC: Australian Pacific Technical College 3,000 graduates
- Australia: $85 m 2012-16 to improve access to & quality of tertiary education in Pacific: pre-tertiary bridging courses for early school leavers & support for 2,300 Pacific island students to graduate
Low rate of Pacific Migration to Australia

• Only 3,760 settler arrivals from all Pacific countries in 2011-12 out of 158,943 arrivals (only 2.4%)

• The main Pacific countries are: Fiji, Samoa, PNG, Tonga, Cook Islands

• Samoa had 1,123 settler arrivals with pop: 180,000

• PNG had only 278 settler arrivals with pop: 7,000,000

• Samoa settlers 95% NZ citizens

• PNG settlers 8% NZ citizens
Criticism of current efforts

- 1,500 workers for SWP in horticulture in first year but target 3,000 – small numbers compared to demand

- The SWP was extended to the aquaculture, cane, cotton & tourism industries but only 1,550 places over three years - very few workers recruited - 14 in tourism

- Australian SWP too restrictive in how it operates - added costs result in higher wage rate than backpackers

- No access to Working Holiday Visas except for University graduates in case of PNG

- Cheap illegal workers widespread in horticulture
Criticism of current efforts

• APTC: Australia Pacific Technical College with campuses in Fiji, PNG, Samoa and Vanuatu

• APTC offers Australian Certificate III & some Certificate IV training in Hospitality, Community Services, Trades and Technology areas & offers Diplomas in Children’s & Community Services

• Objective of APTC: to ‘improve employment opportunities for Pacific islanders nationally, regionally and internationally’

• However, few if any graduates have migrated to Australia
What a regional strategy would involve

• Australia & New Zealand govts need to set access to jobs in Australia as a major policy objective

• Skills training in the Pacific from APTC & domestic providers should be directed at filling skill vacancies in Australia & New Zealand – original goal

• Link skills training to employment outcomes in Australia

• Requires access to & support for occupational placements in Australia & New Zealand for skills training
What a regional strategy would involve

- Facilitate access to high-performance work placements in Pacific island countries
- Make use of large projects in construction, renewable energy generation and telecommunications
- The tenders for these projects could include a requirement on enterprises to provide employment positions with training for apprentices
- This is now being done in Timor-Leste
What a regional strategy would involve

• Revamp Seasonal Worker Program to make more attractive to employers

• Reduce employer requirements and broaden range of areas outside of horticulture where can work

• Alternatively, close program & give access via working holiday visa program with quota per country based on return rate

• Start quota per country low (say, 100) & increase it over time with continued & increasing access to the quota made conditional on a low (ie close to zero) overstay rate
Benefits for sending countries

- Remittances, often more pro poor than other forms of aid
- Would lift the standard of skills training - Fiji example
- Would lift the standard of English
Benefits for sending countries

• The issue of fears of brain drain in sending countries should be addressed by a tax on skilled migrants

• Australia & NZ need to use their tax systems to facilitate the collection of a tax by the sending country

• Tax collected from skilled workers who migrate for work for a year or more

• Same as requirement for graduates in many countries to repay fees once salary reaches certain level
Feedback welcomed

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