

- ***Pacific Possible: Labour Mobility*** examines what is possible through overseas employment for Pacific Islanders.
- A collaborative project of the ANU Development Policy Centre and the World Bank Social and Labour Global Practice.
- Authored by Richard Curtain, Jesse Doyle, Matthew Dornan and Stephen Howes.
- Combines new research, policy recommendations, and quantified scenario analysis.
- This version is a draft. We welcome your comments.



## | Labour Mobility

# Why labour mobility?



# The labour mobility triple win

- Given the unique development challenges facing the Pacific Island countries, there is now broad consensus that expanding labour mobility is vital for the future of the Pacific.
- Where countries are unable to bring jobs to the people, try taking the people to the jobs.
- Labour mobility provides a ‘triple win’ for workers, the countries they are from and the countries they work in



# Triple win: migrants

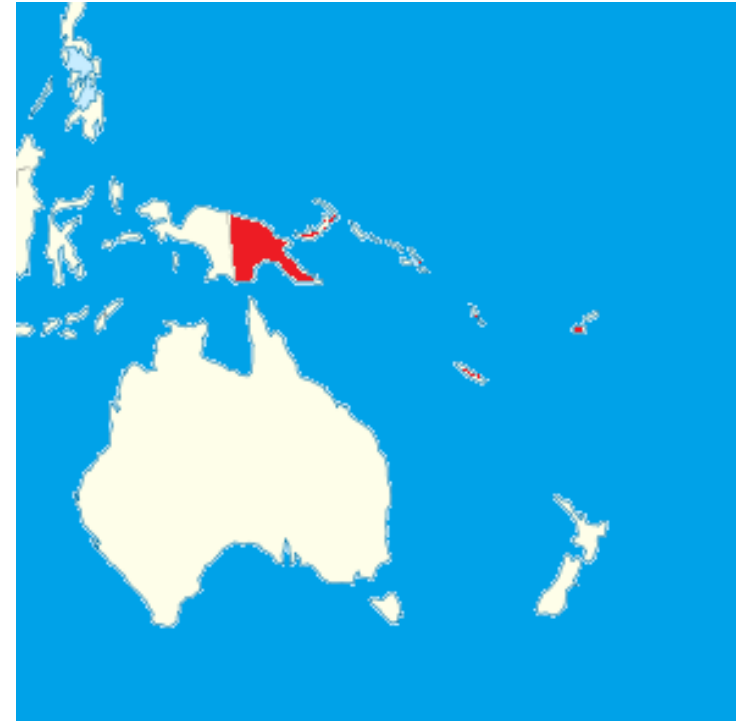
- Labour mobility provides critical employment opportunities in a region where unemployment is high.
- The opportunity to work abroad can result in significant income gains and a higher standard of living

Country	Labour force entrants (annually)	Formal sector jobs created (annually)
Kiribati	3,200	65
PNG	87,000	11,932
Solomon Islands	13,000	2,089
Tonga	5,600	325
Vanuatu	3,800	1,260



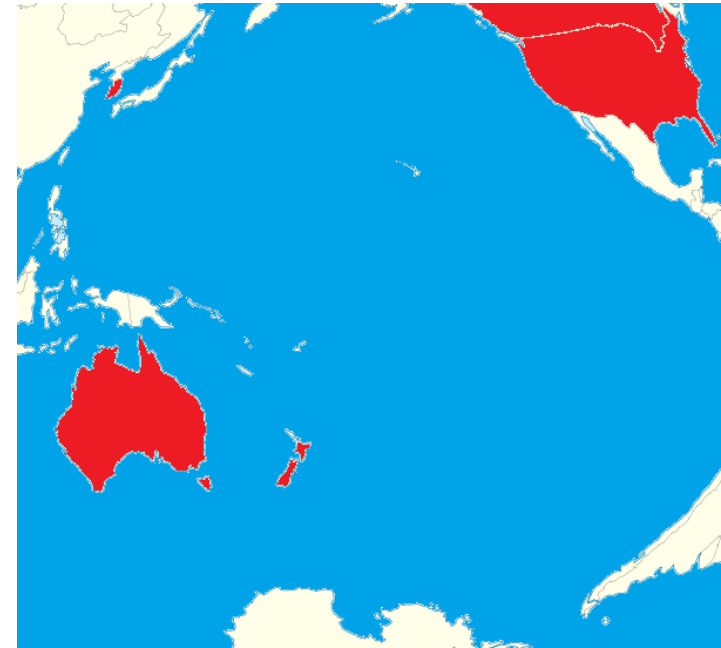
# Triple win: sending countries

- Remittances
  - reduce poverty in sending countries
  - support human capital development
  - help finance trade deficits
- Must and can have labour mobility without brain drain.



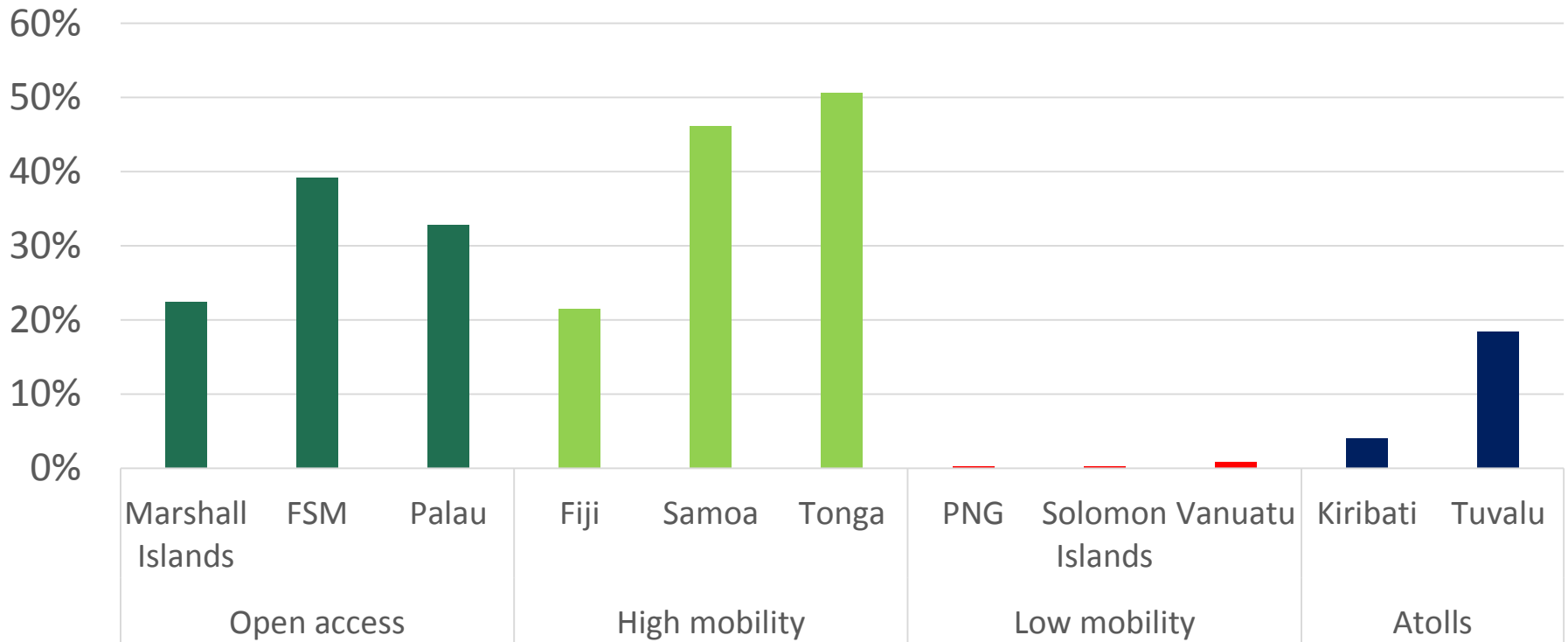
# Triple win: receiving countries

- Migrants plug labour shortages and Pacific migrants do well abroad.
- Promotion of labour mobility balances use of foreign aid.
- Preferential treatment for the Pacific balances preferential treatment for developed countries, justified on strategic grounds, and manageable given small numbers.
- A Pacific labour mobility strategy would help esp. Australia improve the way it meets its low-skill labour requirements.

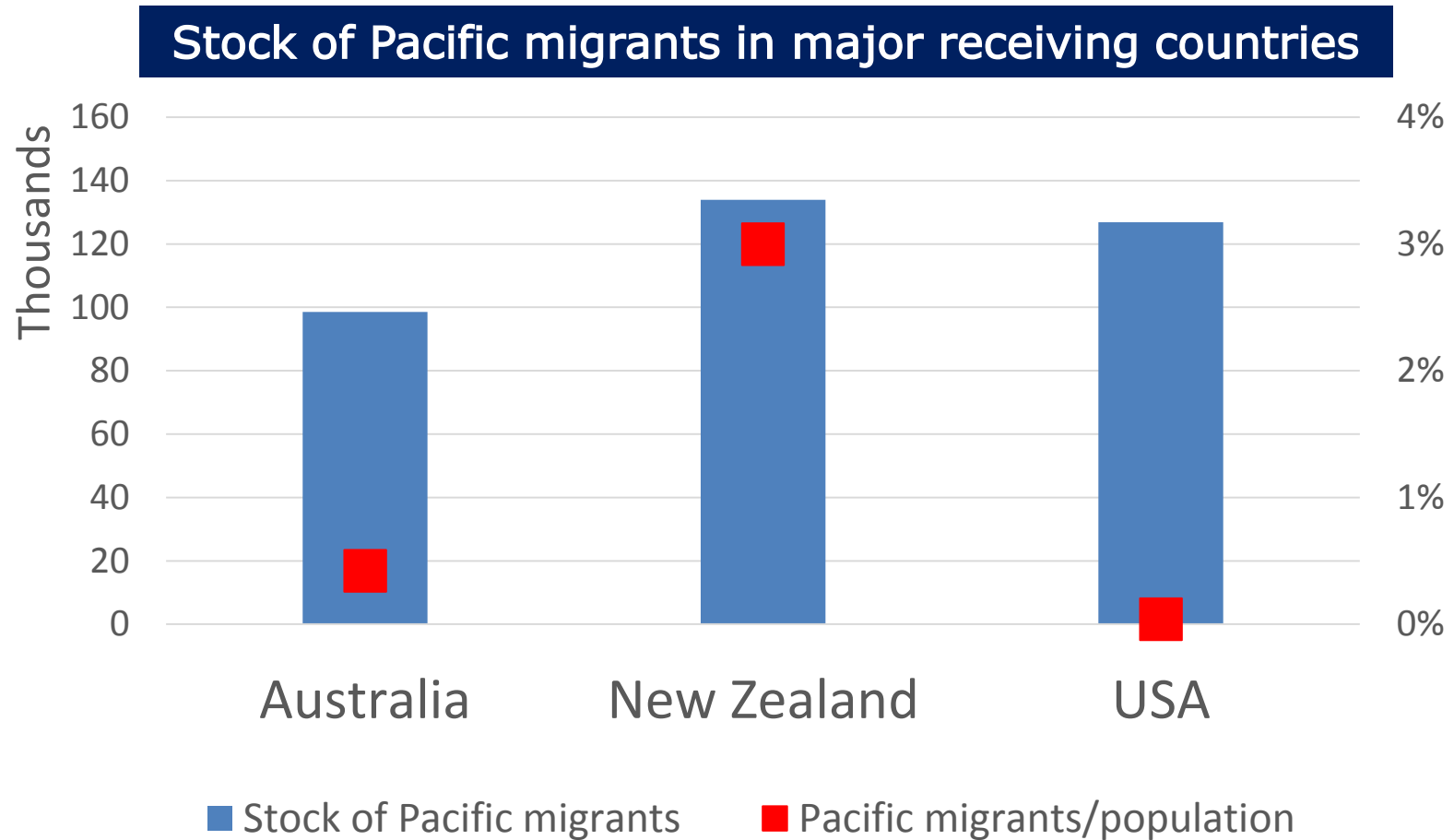


# Labour mobility opportunities are unevenly divided across the Pacific

## Migrants/resident population across the Pacific



# The Pacific is not an important source of migrants for major receiving countries





# Approach to identifying reforms

- Focus on both sending and receiving countries, and try to address their concerns
  - Receiving countries: Focus on Australia, New Zealand, South Korea.
  - Sending countries: Focus on PNG, Solomon Islands, Vanuatu, Kiribati and Tuvalu
- Suggest a menu of options
  - Seasonal, temporary, and long-term.
  - Focus on low and medium-skilled.
- Based on extensive new research presented in background papers of existing schemes and various issues.

# Seasonal work



# Australia's SWP much smaller than NZ's RSE, but is not capped

Pacific visas issued under Australia's SWP and New Zealand's



# Seasonal work reforms

- **Australia**
  - Remove second-year visa extensions for backpackers to work in horticulture
  - Promote the scheme
  - Regulate labour hire companies
- **New Zealand**
  - Increase the cap

# Temporary migration (1-5 years)

Pacific backpackers

Korea EPS

APTC

Pacific caregivers program



# Pacific backpackers

- Australia is the mecca for backpackers: attracting about half of all backpackers in the world.
- Backpacker visas are increasingly employment rather than tourism visas
- 95% of backpackers are from developed countries, but some developing countries have access to a small number of capped places.
- Discussions are underway between Australia and PNG/ Fiji.
- Such visas could open up 2-year work opportunities for, say, 100 from each PIC each year, with significant longer-term prospects.
- Important that conditions are realistic, and that Pacific governments are organized: these are regulated schemes.



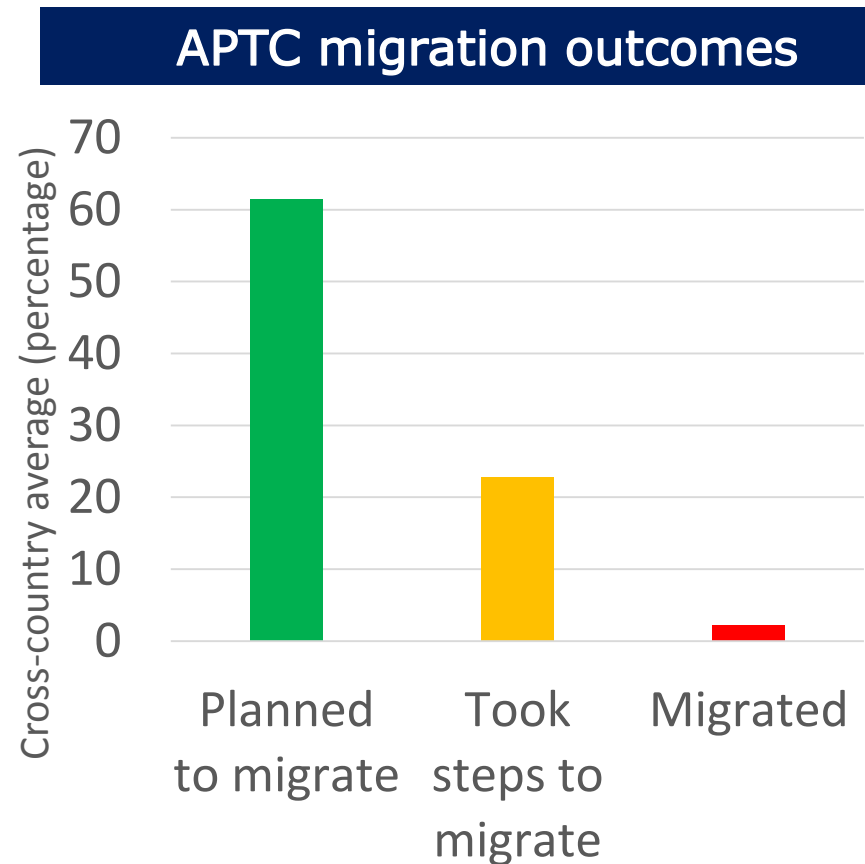
# Expanding Korea's EPS to the Pacific

- Korea's Employment Permit System (EPS) provides work visas for up to 55,000 unskilled, young workers for up to five years.
- Timor Leste one of 15 Asian countries signed up to the scheme. Since 2009, it has sent 1,900 workers. 1,500 still there.
- We surveyed 30 returned TL workers. Workers generally found the experience hard, but positive.
- Half the workers sent home \$6,000 or more a year.
- Lobby Korea to extend scheme to the Pacific?
- Sending country support critical – language programs need to be organized.



# APTC reforms

- APTC was set up as an innovative “aid for migration” initiative, but has not delivered on labour mobility.
- New phase of APTC provides an opportunity.
- Key requirement is to identify feasible migration pathways to specific countries, and commit to helping students down those pathways.
- Avoid brain drain by training fresh students and/or picking occupations where there is not a domestic shortage.



# Pacific high-medical-need caregivers program



- In Australia, the number of aged care workers needed in both residential and community care is likely to increase from 201,000 in 2011 to 532,000 by 2040.
- Australia is heavily reliant on migrants for aged care, but lacks a formal migration route (no Skill Level 4 visas). New Zealand has a migration route but only allows one-year visas.
- Canada has a multi-year caregiver visa for in-home care to people with high medical needs. ANZ should consider a Pacific caregiver visa.

# Long-term/permanent migration (>5 years)

APTC reforms  
Pacific Category visa  
ANZ Atoll Access



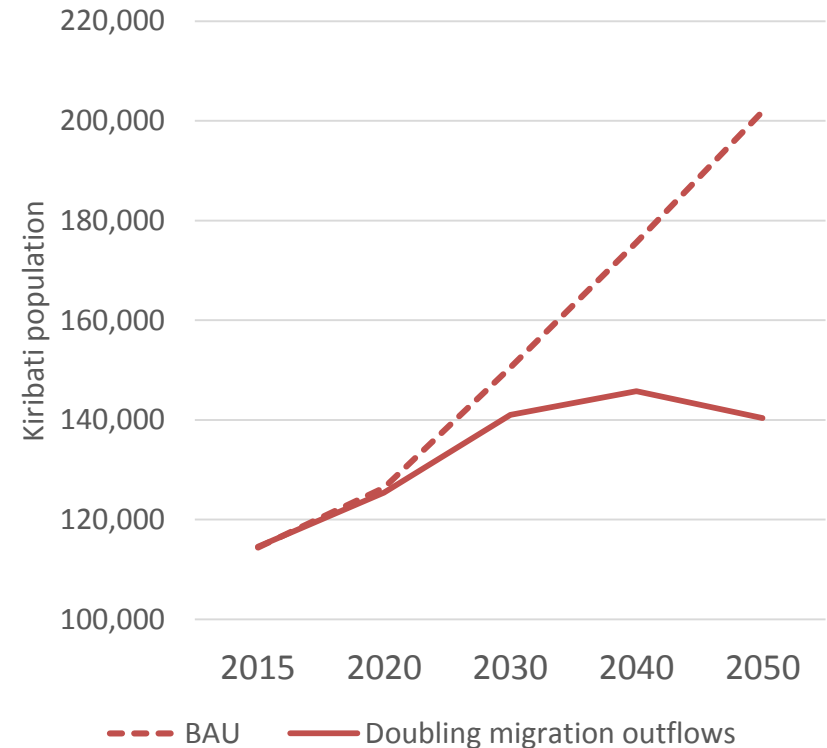
# NZ's Pacific Category visas

- NZ Pacific Category visas include Pacific Access Category (250 places to Fiji and Tonga, 75 to Tuvalu and Kiribati) and the Samoa Quota (1,100 places).
- Selection by lottery avoids brain drain. (Massive excess demand.)
- Work, language, health and character requirements help deliver overall good migration outcomes without requiring micro-management.
- We argue for expansion of the scheme to Australia, with two reforms
  - Higher minimum education requirement.
  - More job brokerage assistance.

# ANZ Atoll Access Agreement

- As low lying atoll island states, Kiribati and Tuvalu face high climate change risks, and have limited labour mobility options.
- Kiribati needs much higher migration outflows just to stabilize population.
- Australia and New Zealand could provide open labour market access to Kiribati and Tuvalu.
- Numbers would be limited by income constraints. We estimate that only 33,000 i-Kiribati and Tuvaluans would be able to leave through to 2040: 1,300 per year or 0.6% of ANZ combined annual permanent migration program.

## Kiribati population projections





# Sending country reforms

Skills  
Promotion  
Social impact



# Lifting the quantity and quality of skills supply

- Improving quantity and quality of skills supply is critical for promoting work opportunities, at home and abroad.
- This extends in some countries to basic literacy and numeracy.
- Labour mobility does not have to lead to brain drain, and can provide incentives for education and skills acquisition.
- Countries can promote cost-recovery via income-contingent loans.



# Promoting Pacific workers and opportunities

- Sending country governments have a critical role to play in many visa categories: backpackers, Korea EPS, seasonal work.
- Good performance is the best form of promotion.
- Task PIT&I with labour mobility market research and promotion: PIT&I&W.



Pacific Islands  
Trade & Invest  
& Work

# Minimizing any negative social impacts

- Social impacts of labour mobility need not be negative.
  - Positive education outcomes and investments in community assets
- Negative outcomes most likely to arise from long-term family separations. So promote those schemes which avoid such separations – as this report does.





# The gains: quantifying the impact of reforms



# Scenario analysis out to 2040

## Business as usual:

- Pacific labour mobility under existing policies.

## Medium growth scenario

- Compared to BAU, a doubling of non-seasonal migration flows and 50% increase in seasonal workers
- Labour mobility growth focused on the low mobility and atoll states
- Achieved by partial implementation of the reforms proposed in the report.

## High growth scenario

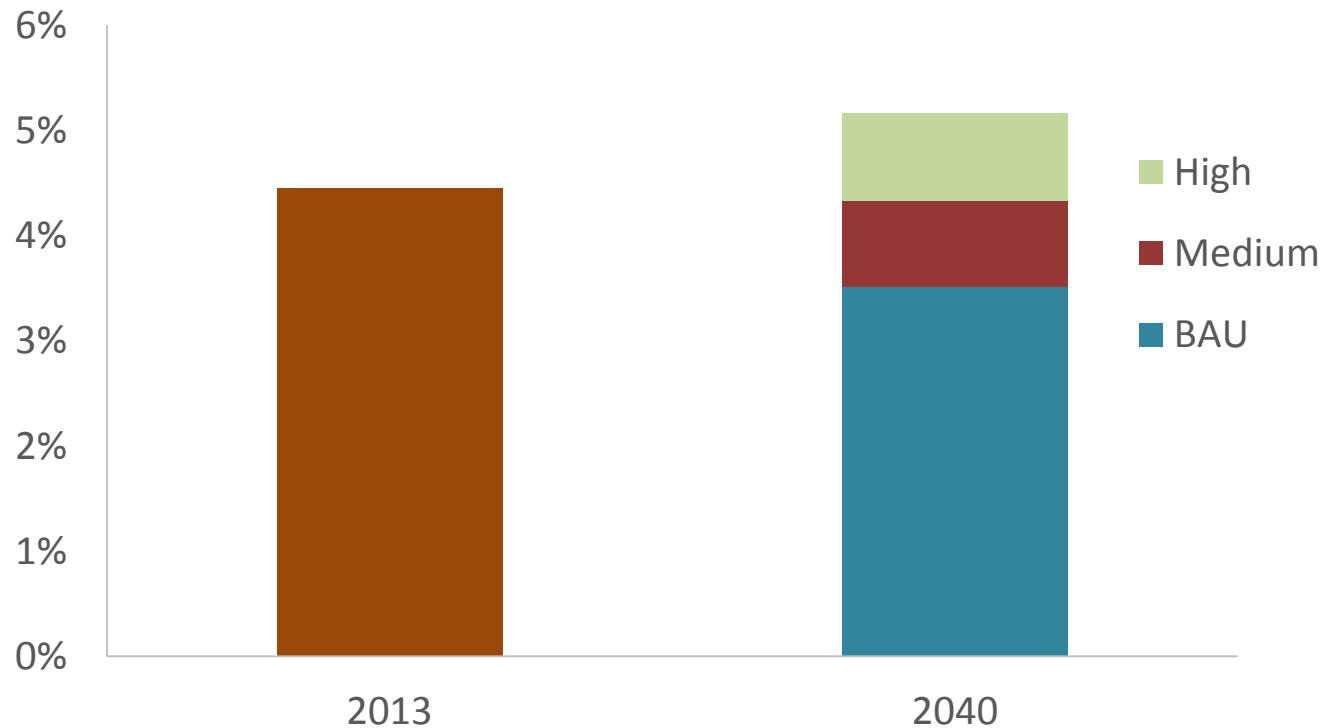
- Compared to BAU, a tripling of non-seasonal migration flows and doubling of seasonal workers
- Labour mobility growth focused on the low mobility and atoll states
- Achieved by substantial implementation of the reforms proposed in the report.

**The analysis is illustrative but telling.**



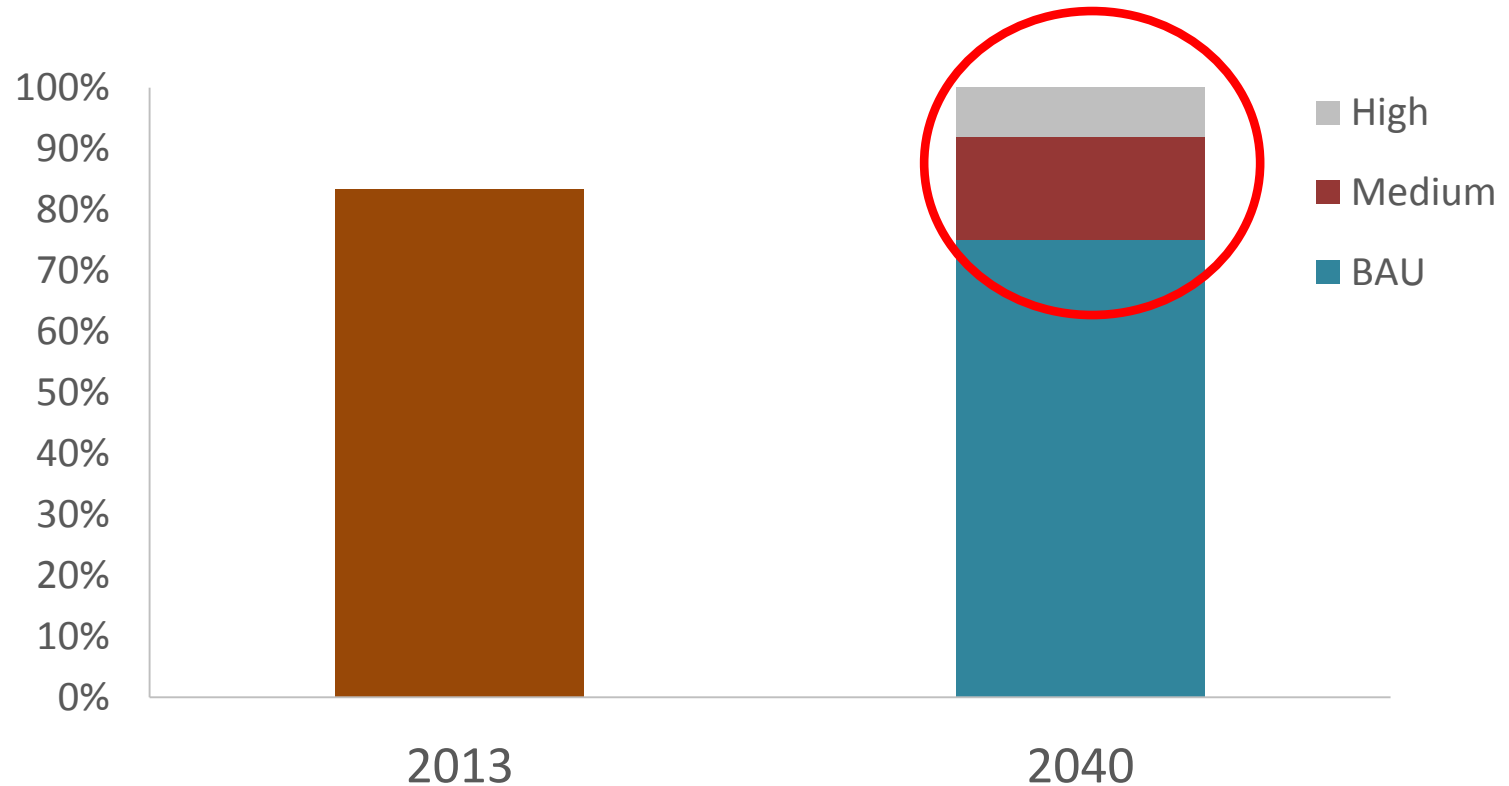
# The 3 scenarios: migrants

## Number of Pacific migrants (% of Pacific resident population)



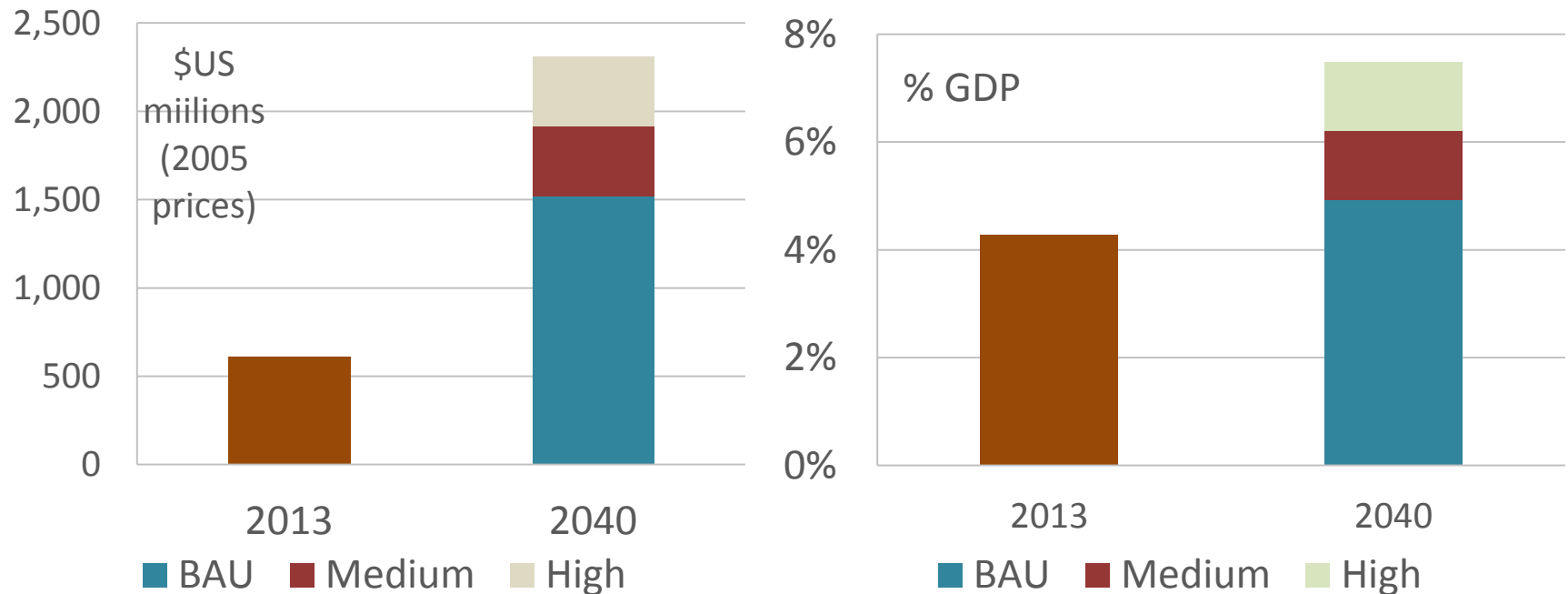
# The 3 scenarios: net income

## Net income of Pacific migrants (% GDP)



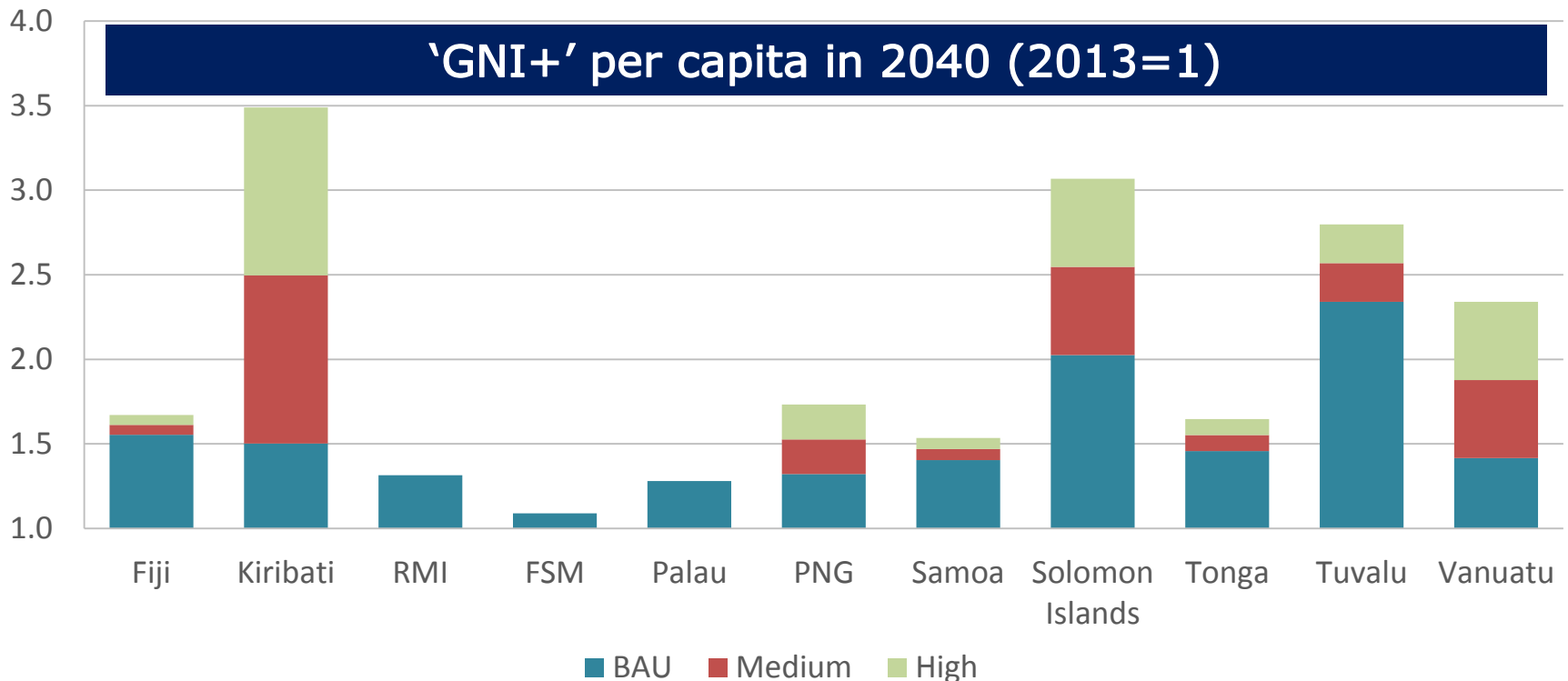
# The 3 scenarios: remittances

## Remittances: USD and % GDP

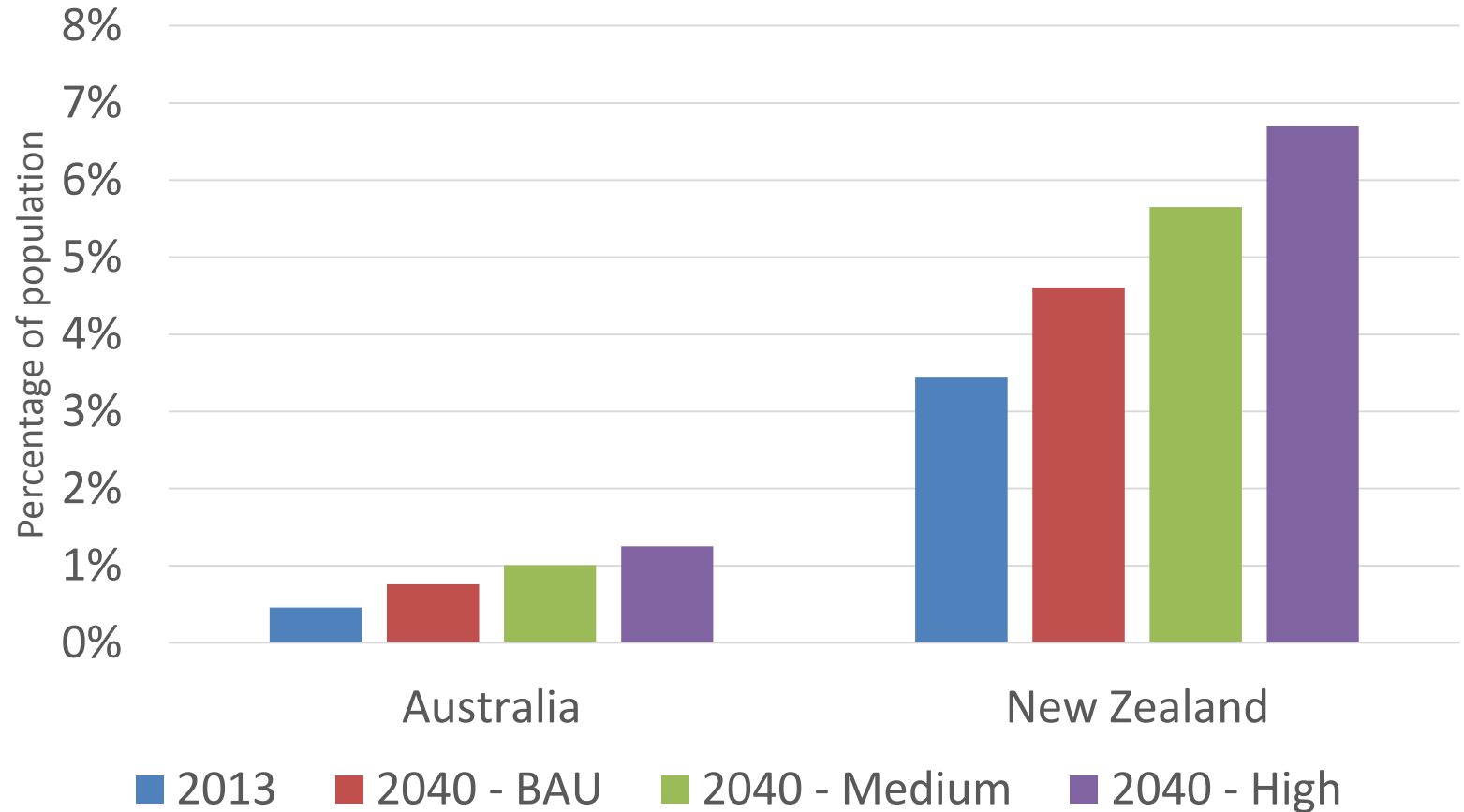


# What would it mean for different Pacific countries?

Including the net income from migrants, in the high-growth scenario national income growth per capita **doubles** relative to BAU for PNG and Solomon Islands, **triples** for Vanuatu, and **quintuples** for Kiribati.



# What would it mean for receiving countries?



# Conclusion





# Conclusion

- Labour mobility reform is a \$10 billion prize for the Pacific.
- And a prize that benefits the receiving countries as well.
- The last decade has been a positive one for Pacific labour mobility.
- No reason why the next decade can't continue this momentum, and end the phenomenon of Pacific isolation.
- It takes two to tango.

# Conclusion

- Six weeks for stakeholders to provide feedback.
- Send your comments to the authors or post them on the Pacific Possible website.
- The final Pacific Possible report will add the gains quantified through this research, along with those from the five other themes and be released in late 2016.



Any Questions?



# Thank you!



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