

# 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 Micronesian & 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

|                                                  | Samoa | Vanuatu | Timor-Leste |
|--------------------------------------------------|-------|---------|-------------|
| Proportion who are in paid employment (per cent) |       |         |             |
| 15-19 yrs                                        | 4     | 9       | 3           |
| 20-24 yrs                                        | 25    | 23      | 12          |
| 25-29 yrs                                        | 34    | 28      | 24          |

# 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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