

Pacific Labour Mobility

Opportunities to build our futures together

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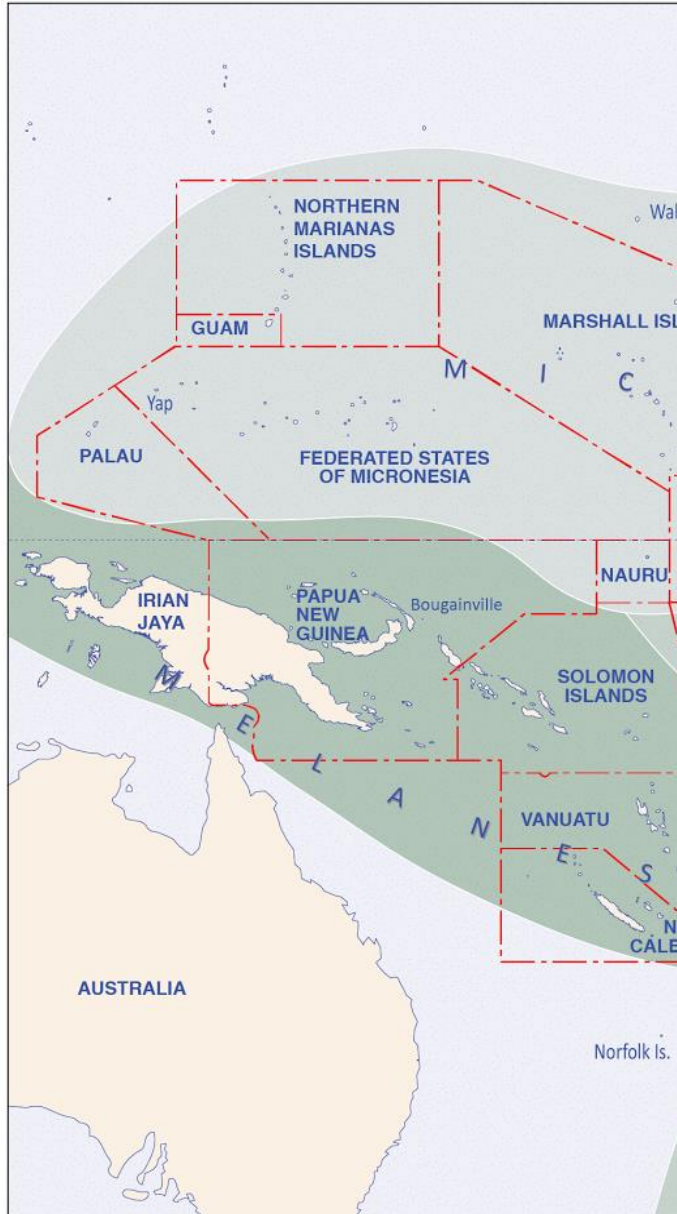
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Development Benefits of Labour Mobility for Pacific Sending Countries

Alisi Kautoke-Holani

2019 Australasian Aid Conference



Pacific Development Challenges:

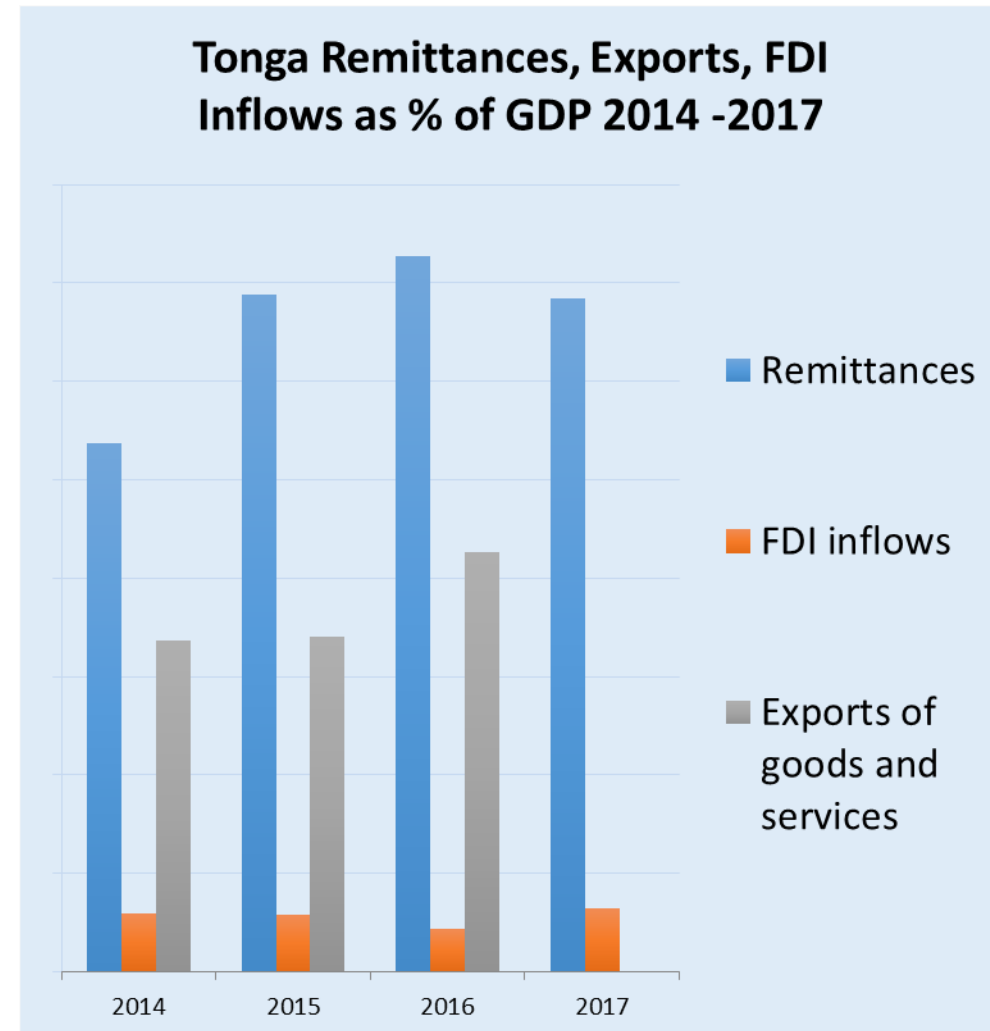
1. **Smallness** - limited opportunities for economies of scale; restricted opportunities for diversification and very high input costs –reduces competitiveness of Pacific exports in the global market
1. **Remoteness** – high transportation costs impose high cost restrictions to developing competitive tourism industries; higher costs for exporting and importing
1. **Environmental vulnerability** –impending spectre of climate change increases intensity and frequency of natural disasters - threatens the very existence of small island states
1. **Rapid population growth** – Pacific total population is growing faster than the world average of 1.2%; constraints to generating ‘youth bulge’ dividends

Labour Mobility:

A viable development opportunity for the Pacific!

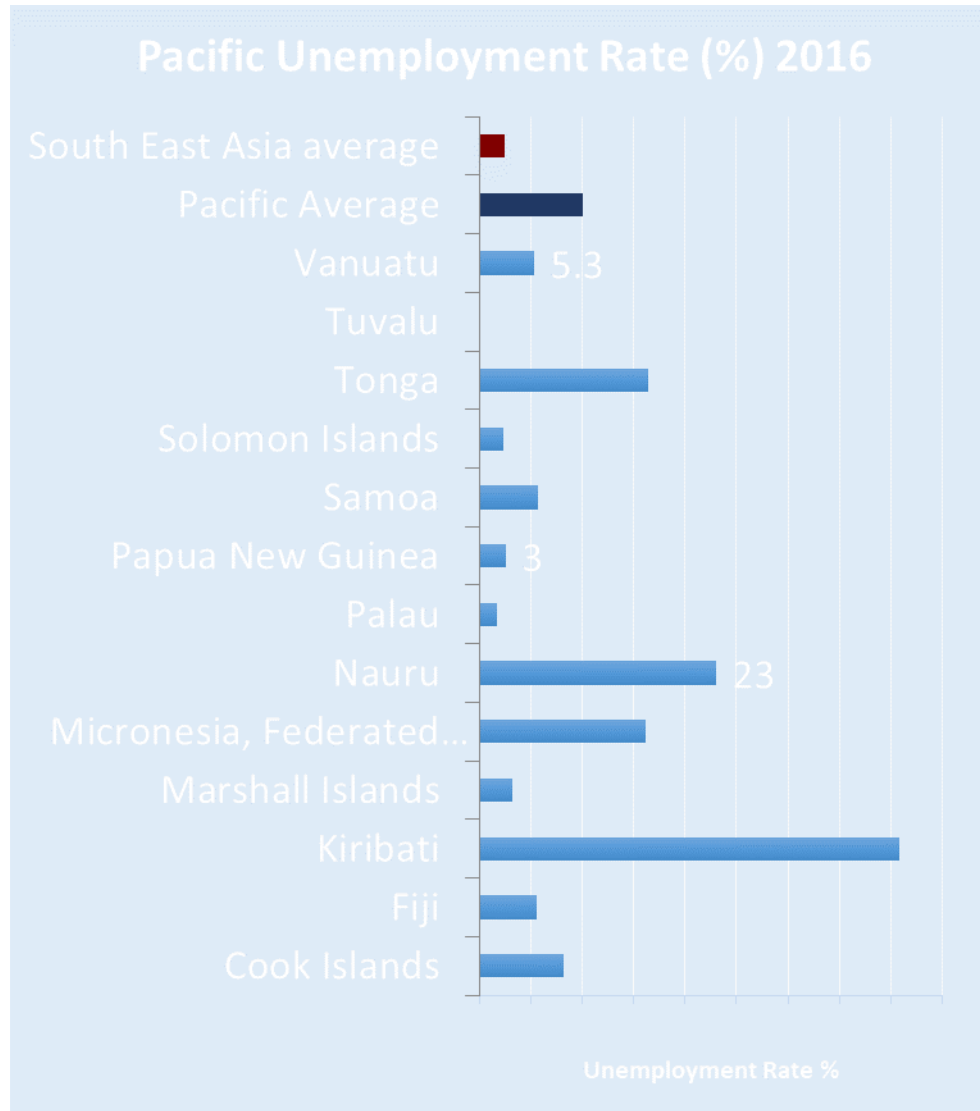
Remittances – volume larger than capital flows for top sending countries

- Volume of remittances from the SWP & RSE have exceeded volume of capital flows and foreign aid for top sending countries
 - Tonga: AUD99.4 million from the SWP since its inception
 - Vanuatu: AUD31.5million
- Important source of foreign exchange earnings to offset relatively large Balance of Payment deficits
- **Remittances to other PICs are negligible due to low participation rates and lower earnings**



Source: World Bank, 2018

Employment Creation – provides paid employment for growing Pacific unemployed population



Source: ADB, 2018

- 2016 – SWP provided employment for 6,166 Pacific workers. Tongan SWP workers earned as much as AUD19.942 per 6 months season
- For some countries, recruitment is focused on the unemployed therefore contributing to unemployment reduction e.g: Tonga – participation in the SWP and RSE would have reduced unemployment by around 20%
- About 84% of SWP workers are from Vanuatu and Tonga ; Some countries recruit employed skilled workers in the SWP and RSE – minimal impact on unemployment
- Increasing need for semi-skilled labour mobility opportunities – about 60% of Tongan TVET graduates are unable to find employment

Poverty Alleviation— remittances contribute directly to reducing household vulnerability to poverty

- Pacific societies are rapidly being monetised and as a result, household livelihoods are now increasingly dependent on access to cash incomes i.e inability to access cash incomes would give rise to increased poverty
- Labour Mobility provides an opportunity for many low income families to improve access to cash incomes i.e escape the poverty trap
- Remittances are more stable and even countercyclical in times of economic distress - can provide a 'safety valve' to cushion the impact of exogenous shocks on household incomes and welfare e.g: reconstruction in Tonga after TC Gita in 2018
- Remittances from labour mobility have resulted in increased household saving and some have invested in other productive activities



Skills Development and Human Capital Formation – Improve livelihoods and contribute to long-term economic development



- Remittances have enabled workers to send their children to university and achieve higher academic qualifications
- Workers have acquired skills from seasonal work which could be transferred for development in Pacific sending countries e.g: Orange farming in 'Eua island to facilitate transfer of fruit picking skills in Tonga
- New opportunities for increased semi-skilled labour mobility are anticipated to increase net skill gains for PICs e.g: Labour Mobility Scheme. Need to not only increase skills development focus but also the transfer of these skills for development and improved livelihoods
- Concern that increased labour mobility can result in brain drain

Sending country view: Need to avoid brain drain while promoting labour mobility

Richard Curtain

Development Policy Centre, ANU

Need to actively avoid brain drain

- **Danger that Pacific concerns about brain drain could undermine Australia's new commitment to promoting Pacific labour mobility**
- **Pacific employers may react unfavourably to the loss of experienced workers with post-secondary qualifications for two or three years**
- **The loss of experienced skilled workers such as carpenters, chefs, diesel motor mechanics, electricians and plumbers will not be easy to replace due to the long lead time needed to train up a replacement.**
- **Pacific countries need to develop and use four simple indicators, with appropriate measures to monitor, report and respond to the balance between supply and demand**

Four indicators can provide valuable information to avoid brain drain

Indicator 1: information on the national skills pool or skills profile

- **(1) Measure: proportion of workers with a post-secondary qualification in each skills-based occupation from most recent census**
- **(2) Measure: Profile of APTC graduates by qualification**

Indicator 2: Information to show the balance between domestic skills supply and employment demand for specific qualifications.

- **Measure: Employment rate and wage level of graduates reported for each post-secondary qualification. Information sourced from graduate tracer survey results.**

Four indicators can provide valuable information

Indicator 3: Information on national skill shortages

- **(1) information on the occupations of foreign workers granted a work or employment permit to work in the country. (2) information from a national census on the occupations of foreign residents and (3) the occupations listed in job advertisements in the print and radio media.**

Indicator 4: The profile of migrants with post-school qualifications by occupation

Could be based on a recent census, with up-to-date information on APTC graduates from graduate tracer surveys and immigration data for Australia or New Zealand.

Potential for benefits for all but this is not automatic

- **Need to acknowledge that small Pacific countries such as Tonga and Samoa already have among the highest skilled emigration rates in the world**
- **Australia and New Zealand will need to work together with interested Pacific sending countries to coordinate and manage the supply of skills to respond to identified demand, both domestic and abroad**

Potential for benefits for all but this is not automatic

- **The Arrangement on Labour Mobility, side agreement to PACER Plus included commitments by Australia and New Zealand to:**
- **(1) strengthen the collection and harmonisation of labour market statistics in sending countries to improve labour market planning and to respond to the export of skilled labour.**
- **(2) Also a recognition of ‘the importance of further enhancing technical and vocational education and training (TVET) and other tertiary education programs that build the labour supply capacity to respond to domestic and regional labour market demand’.**

Nick Volk, Team Leader
PACIFIC LABOUR FACILITY

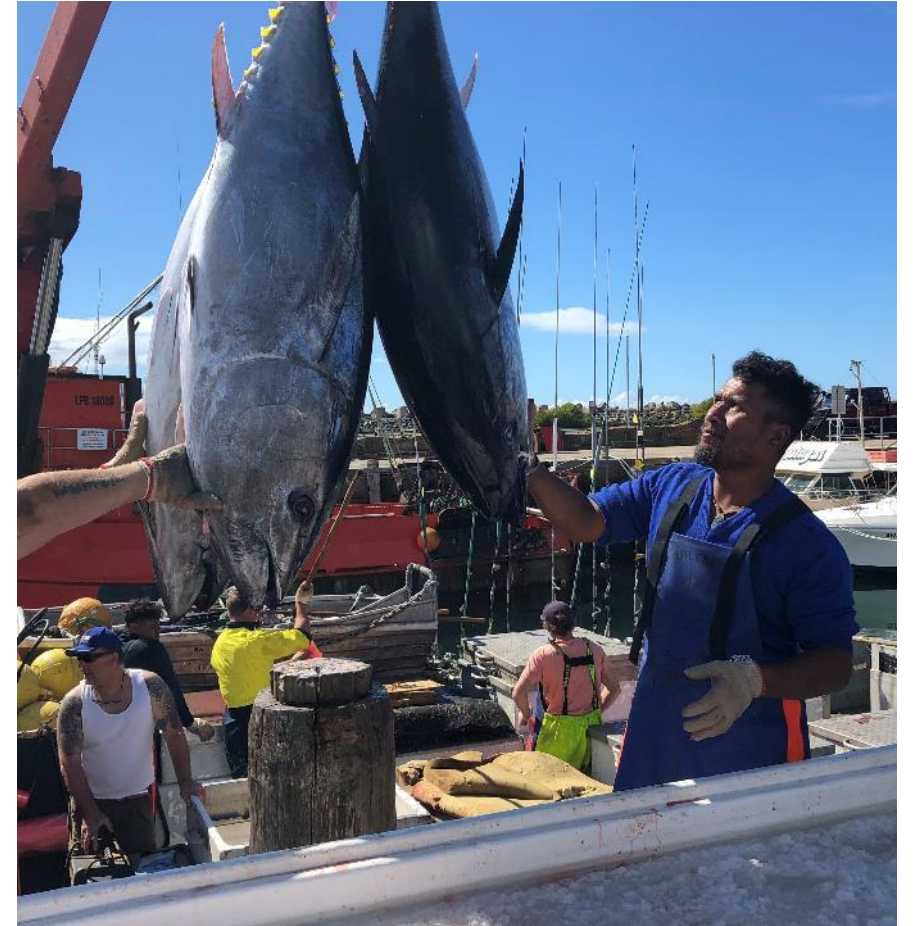
PLF AND THE AUSTRALIAN LABOUR MARKET

The Pacific Labour Facility is supported by the Australian Government and implemented by Palladium

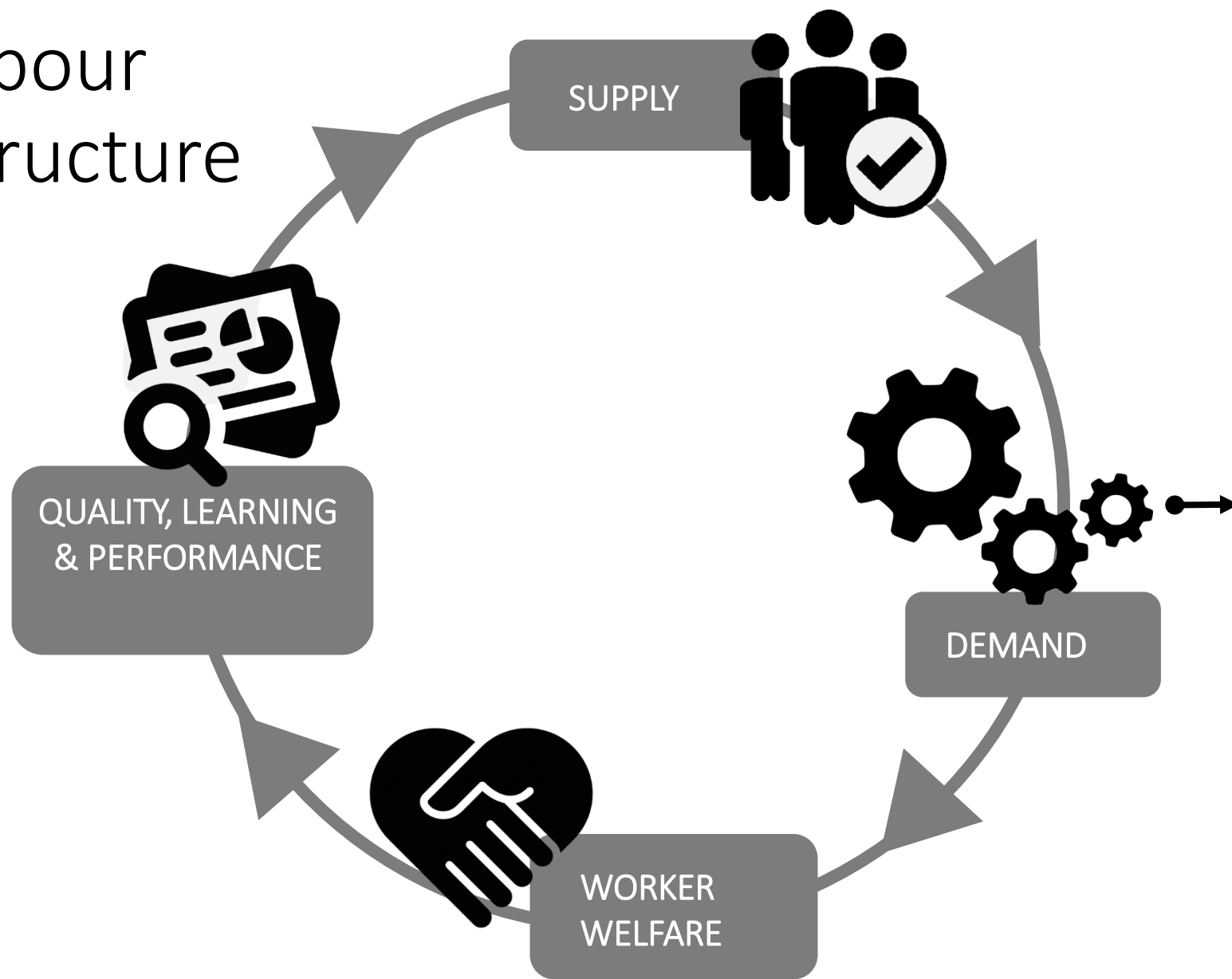


Pacific Labour mobility

- Triple win
- Dual schemes
- Single goal



Pacific labour facility structure



CHARACTERISTICS OF THE AGED CARE LABOUR MARKET

- High growth, high revenue
- 80% of locations located in eastern Australia
- Labour shortages for personal care workers and ancillary staff
- Workers need formal qualifications and experience
- Employability skills (personal, people and team skills), considered very important



AGED CARE: WHY IS THE PLS ATTRACTIVE?

- Access to low and semi-skilled workers
- Cultural alignment
- Willingness to work in remote locations
- Cost effectiveness



AGED CARE

Savings

This is calculated purely on standard hours, no overtime or allowances considered.

Estimated costs: PLS

PCW Level 3, pay point 1 = \$21.86 per hour
@ 30 hours per week = \$655.80 per week
+ superannuation = \$718.07 per week

5 PCW's per week = \$3590.39

Total cost of wages per year = \$182,700.28

Estimated costs: Agency

PCW Level 3, pay point 1 = \$39.83 per hour
@ 30 hours per week = \$1194.90 per week
(includes all on-costs, super etc.)

5 PCW's per week = \$5974.50

Total cost of wages per year = \$310,674

Total estimated savings in wages only = \$127,973.72

THANK YOU

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IBIS World Industry Report Q8601, Aged Care Residential Service in Australia, 2018.

Realising a Net Skills Gain for the Pacific

What does this mean and how do we achieve it?

Andie Fong Toy, Labour Mobility Adviser

Australia Pacific Training Coalition

Overview

- Renewed emphasis on labour mobility: APTC3
- Ensuring a net skills gain
- A potentially mobile workforce with targeted skills in home countries



Defining 'net skills gain'

- Foundational Assumption: labour mobility and skills training linked
- Avoid 'brain drain'
- Achieve 'brain gain' or 'brain circulation'



Collaborating for net skills gain

- Create a dual track approach to training – the domestic and international tracks
- Support improved quality of Pacific TVET delivery
- Explore opportunities to increase co-investment in skills training
- Invest in returned workers



Enhancing Pacific labour mobility policy

- Collaborative approach to complement existing policies and mechanisms
- APTC tailored and contextual work at country level



Thank you

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