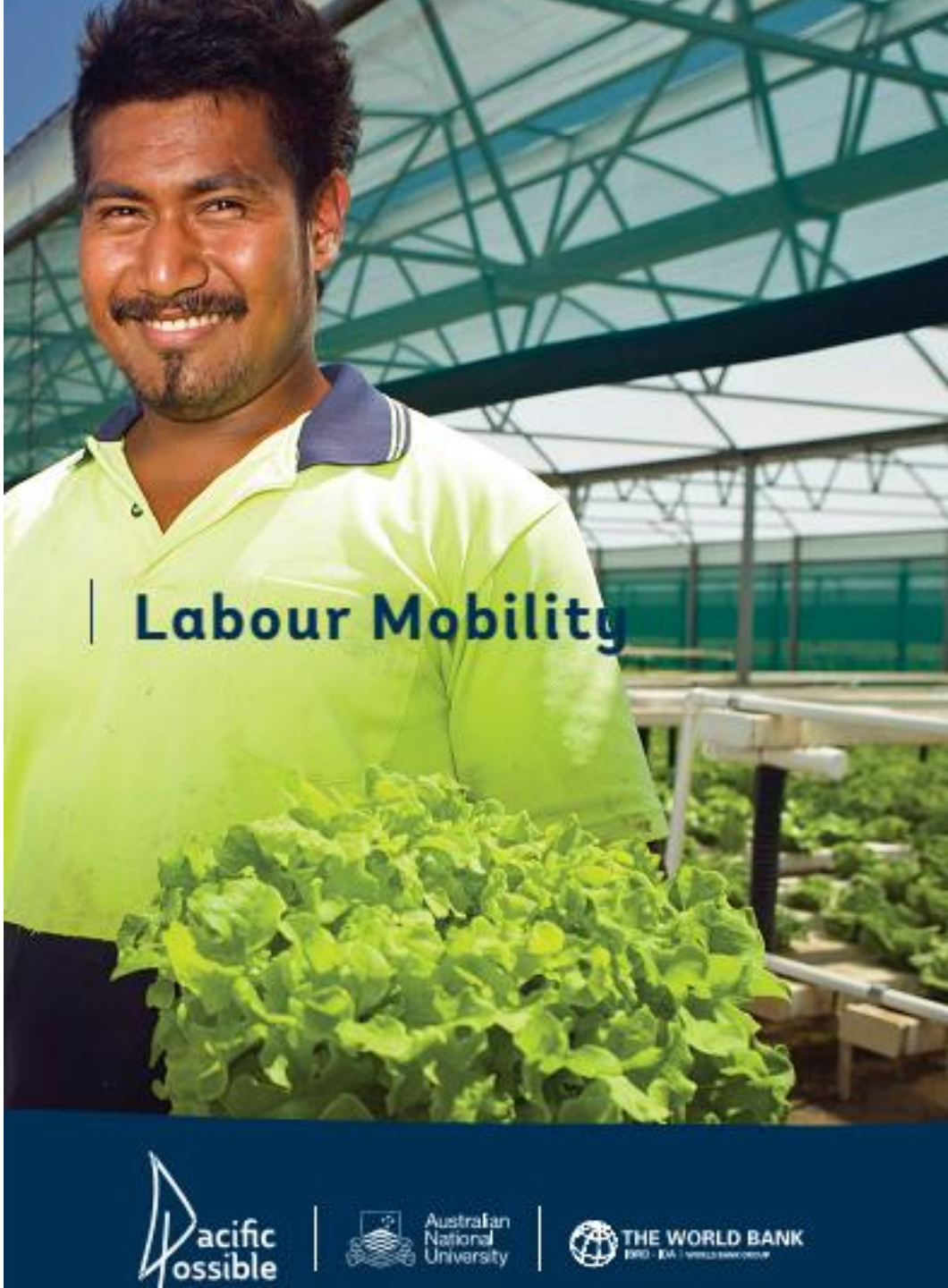
- ***Pacific Possible: Labour Mobility*** examines what is possible through overseas employment for Pacific Islanders.

- A collaborative project of the ANU Development Policy Centre and the World Bank Social and Labour Global Practice.

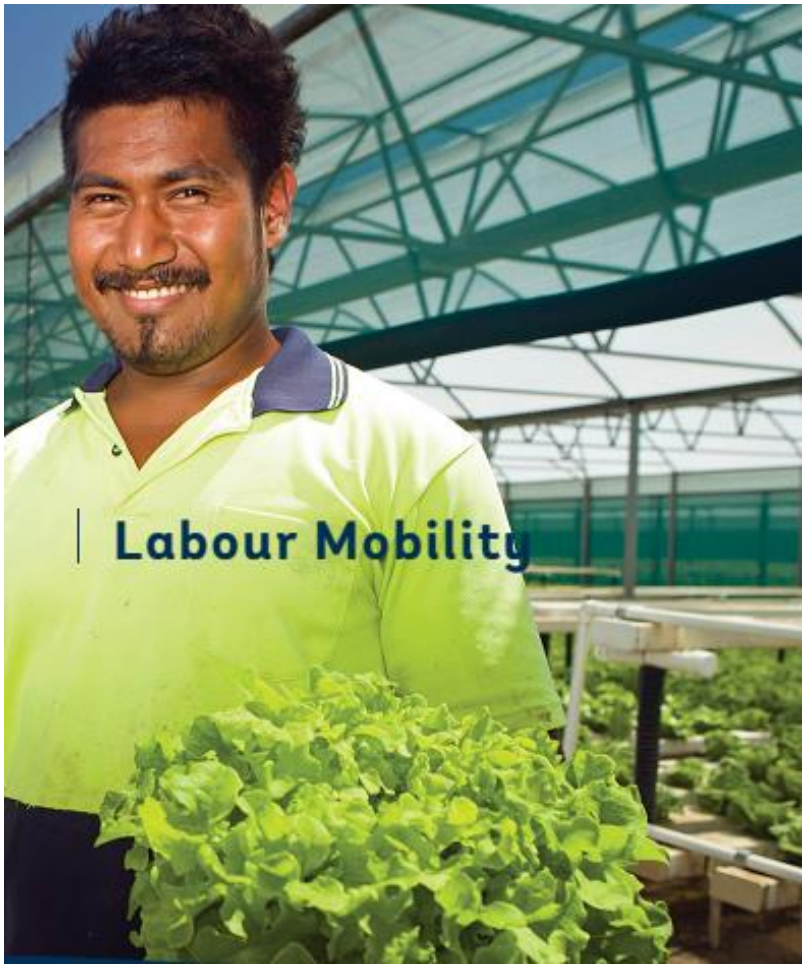
- Authored by Richard Curtain, Jesse Doyle, Matthew Dornan and Stephen Howes.

- Combines new research, policy recommendations, and quantified scenario analysis.

- This version is a draft. We welcome your comments.



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

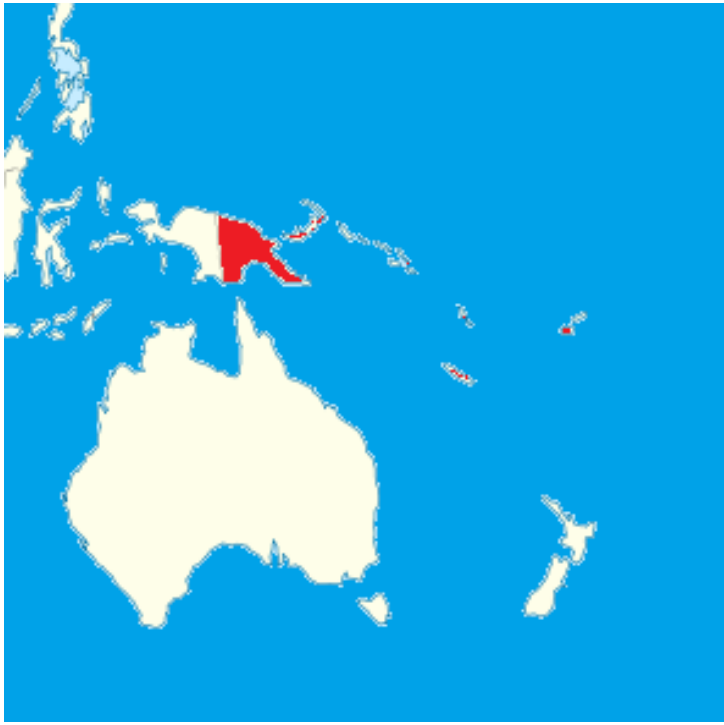
- Labour mobility provides critical employment opportunities in a region where unemployment is high.
- The opportunity to work abroad can result in significant income gains and a higher standard of living

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

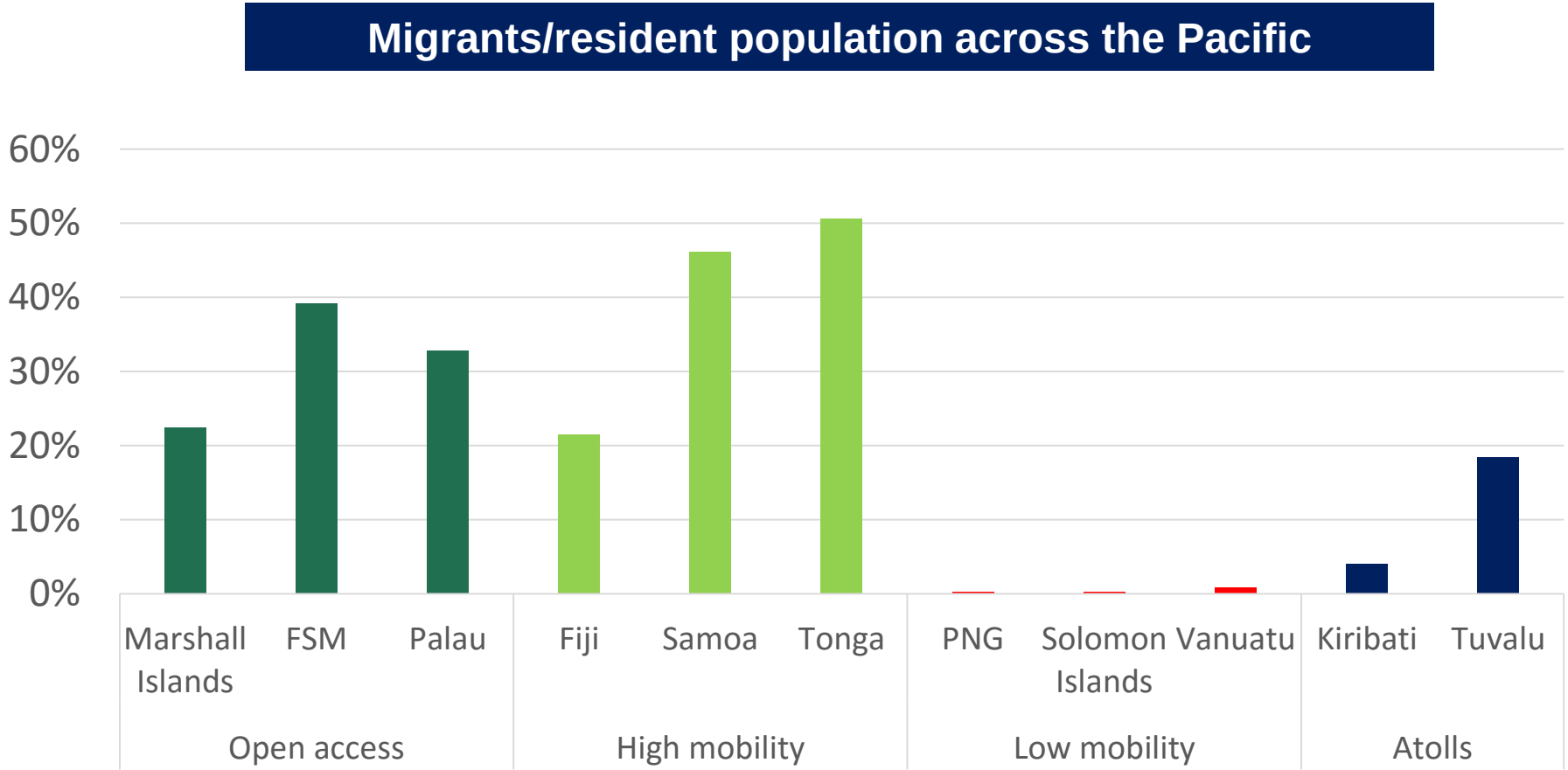
- Must and can have labour mobility without brain drain.



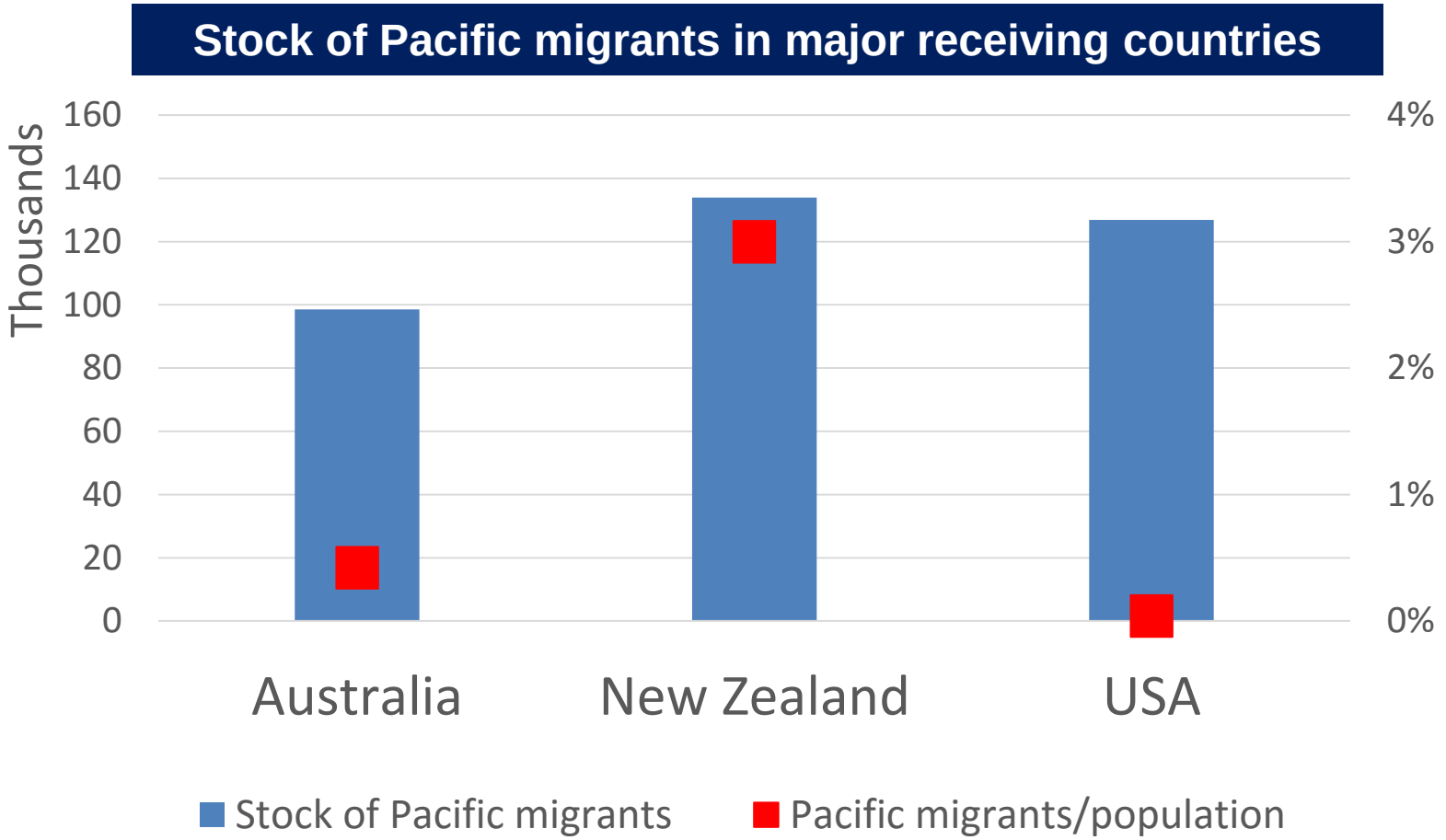
Triple win: receiving countries

- 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



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



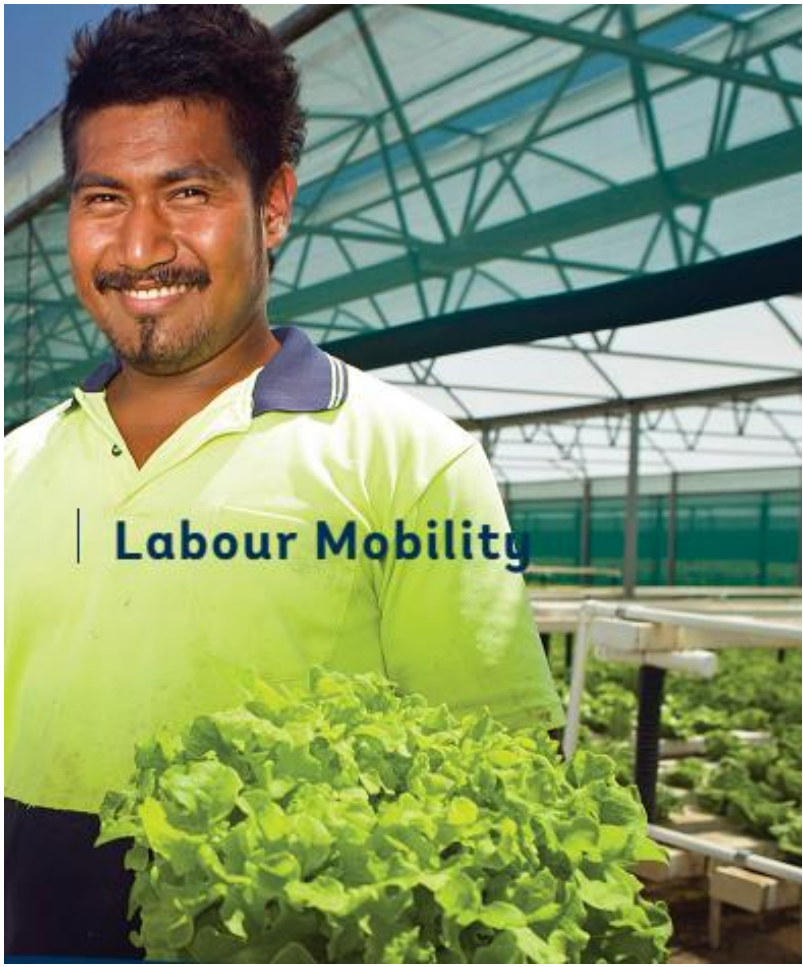
Approach to identifying reforms

- 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

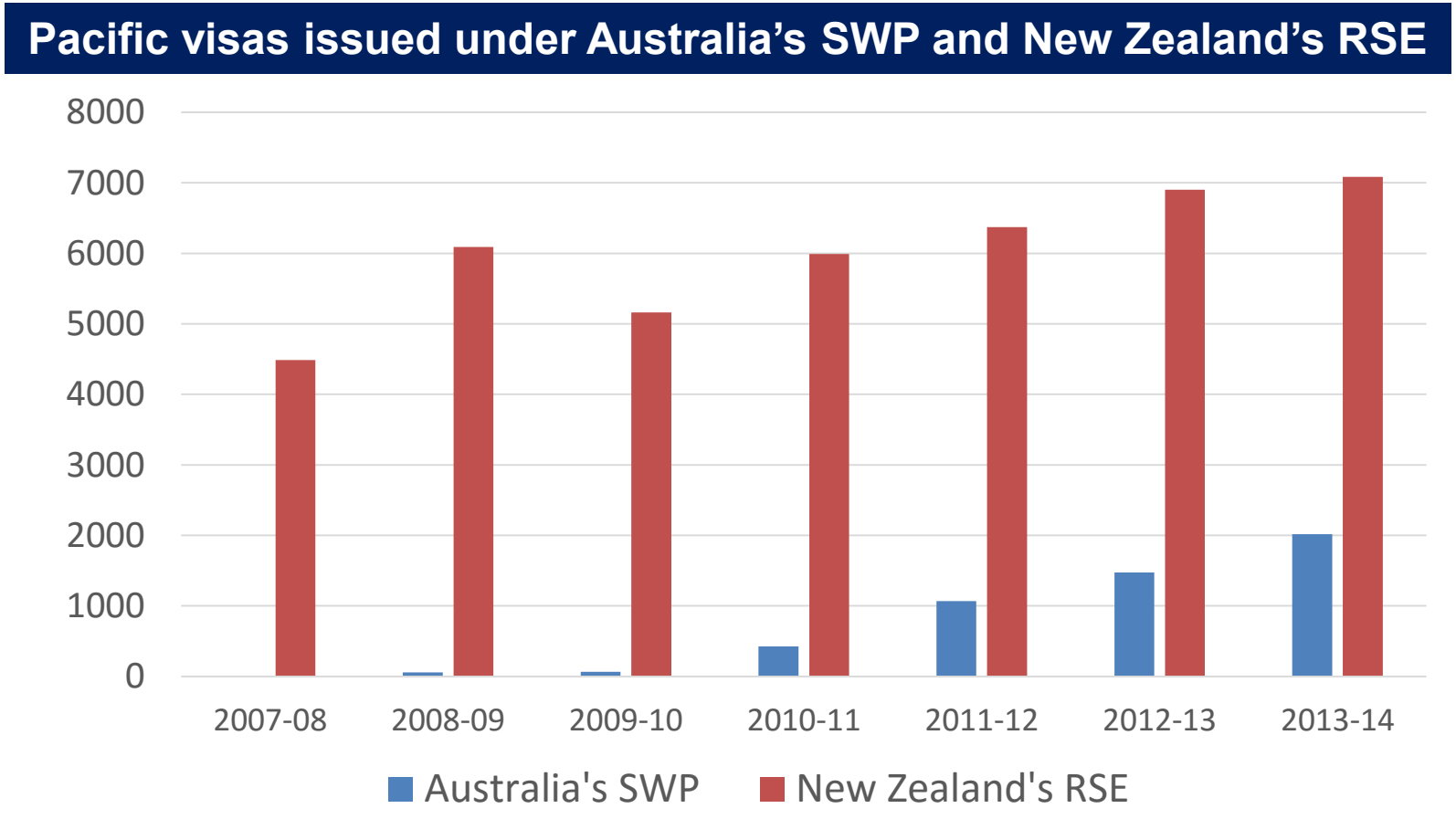
- Suggest a menu of options
  - Seasonal, temporary, and long-term.
  - Focus on low and medium-skilled

- 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



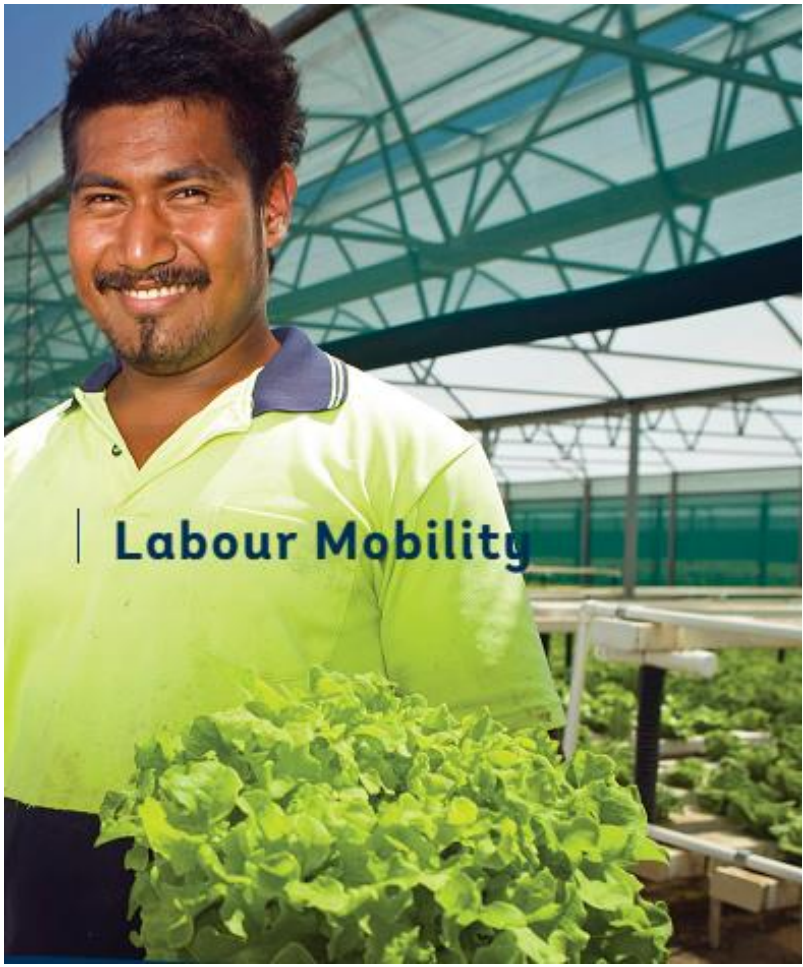
Seasonal work reforms

- **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 tourism visas
- 95% of backpackers are from developed countries, but some developing countries have access to 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.

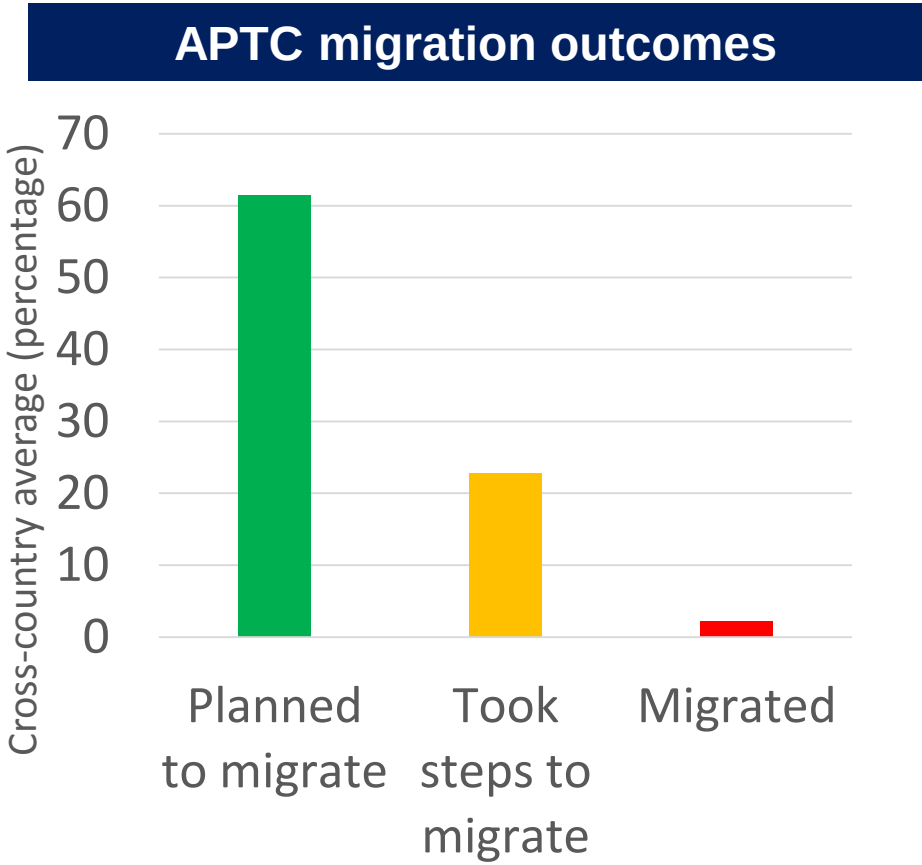
Expanding Korea's EPS to the Pacific

- 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.

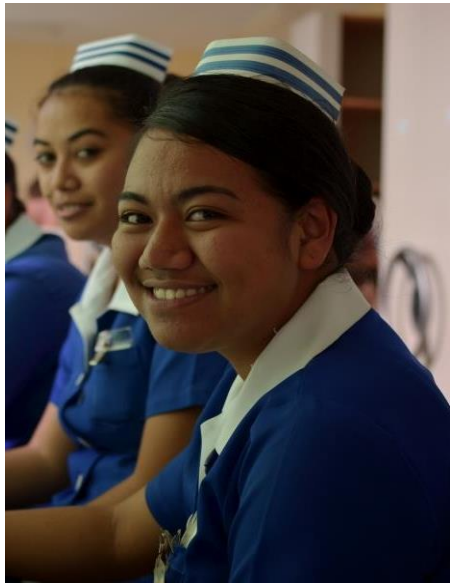
EPS | Employment Permit System

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.



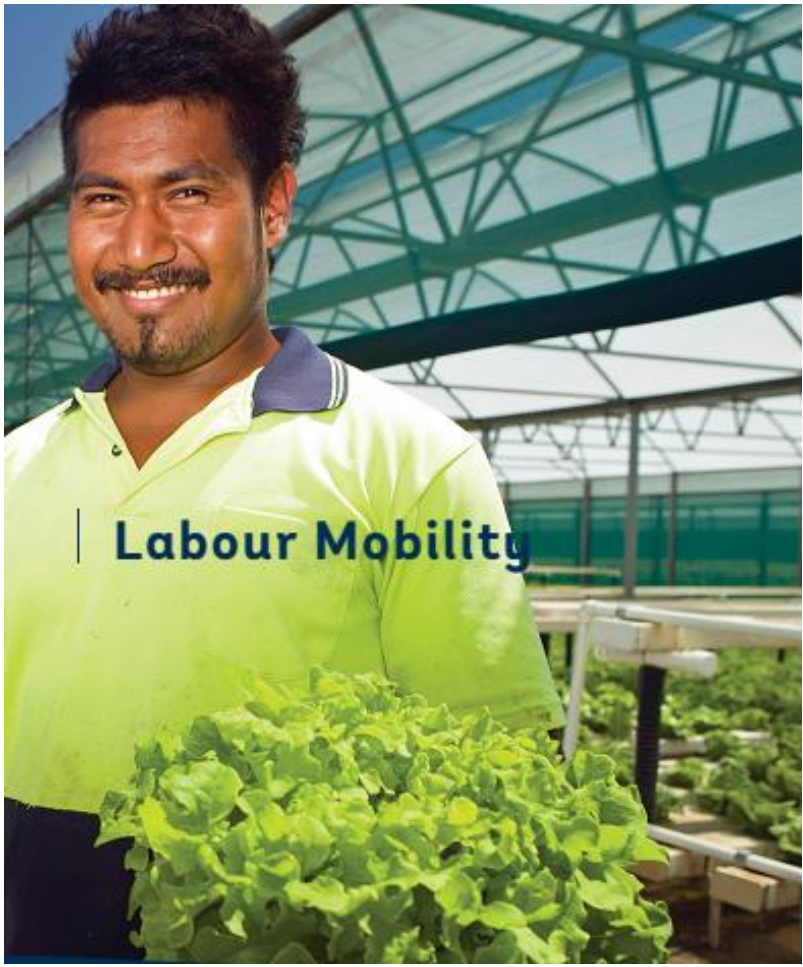
Pacific high-medical-need caregivers program



- 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



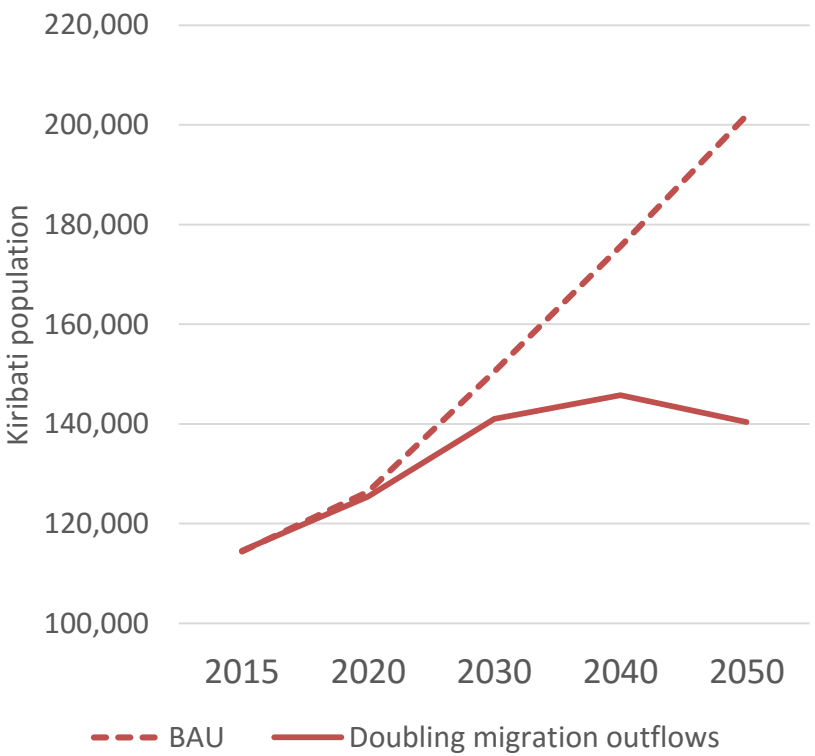
NZ's Pacific Category visas

- 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

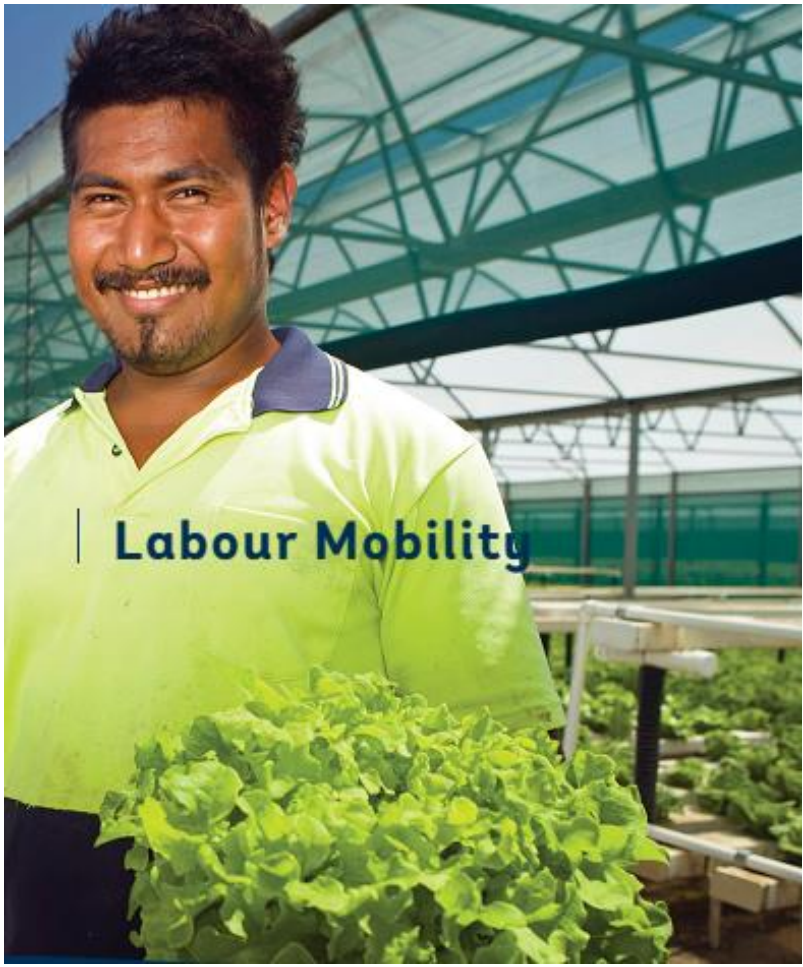
- As low lying atoll island states, Kiribati and Tuvalu face high climate change risks, and have limited labour mobility options.
- Kiribati needs much higher migration outflows just to stabilize population.
- Australia and New Zealand could provide open labour market access to Kiribati and Tuvalu.
- 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.

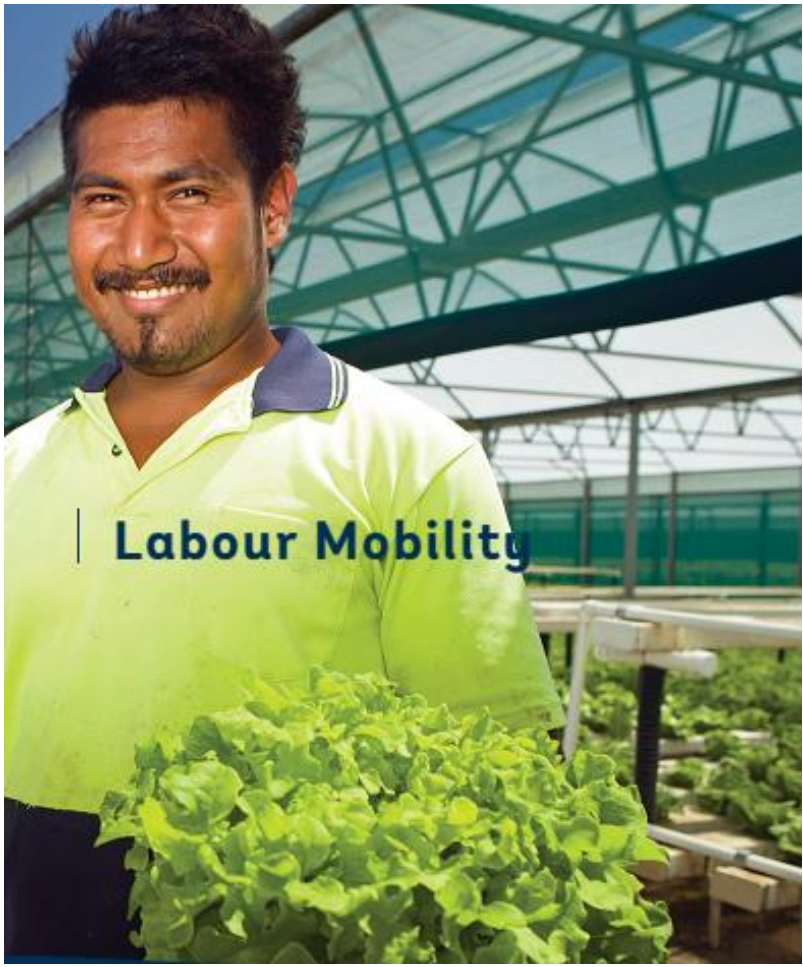
Pacific Islands Trade & Invest & Work

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

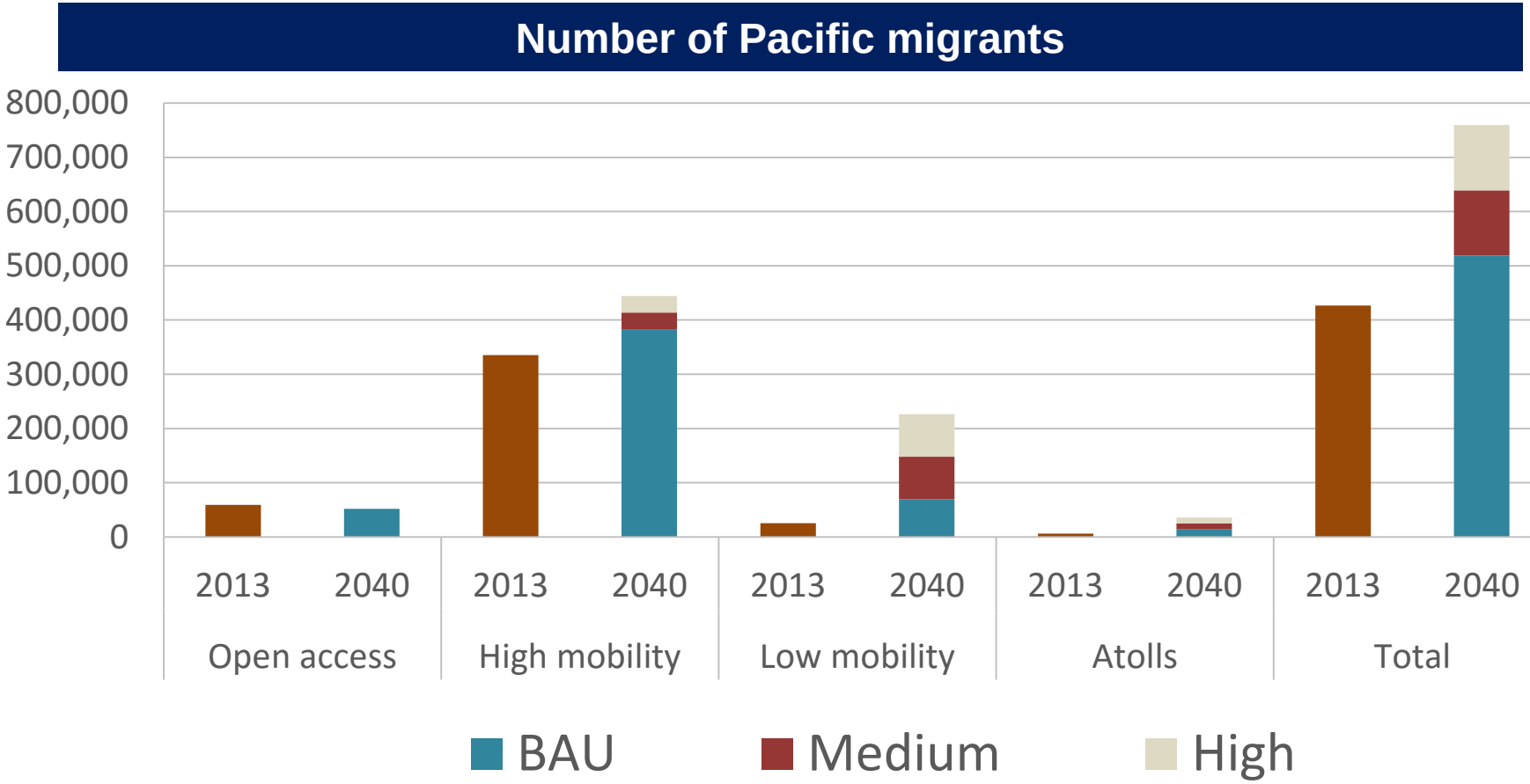
- Compared to BAU, a doubling of non-seasonal migration flows and 50% increase in seasonal workers
- Labour mobility growth focused on the low mobility and atoll states
- Achieved by partial implementation of the reforms proposed in the report.

High growth scenario

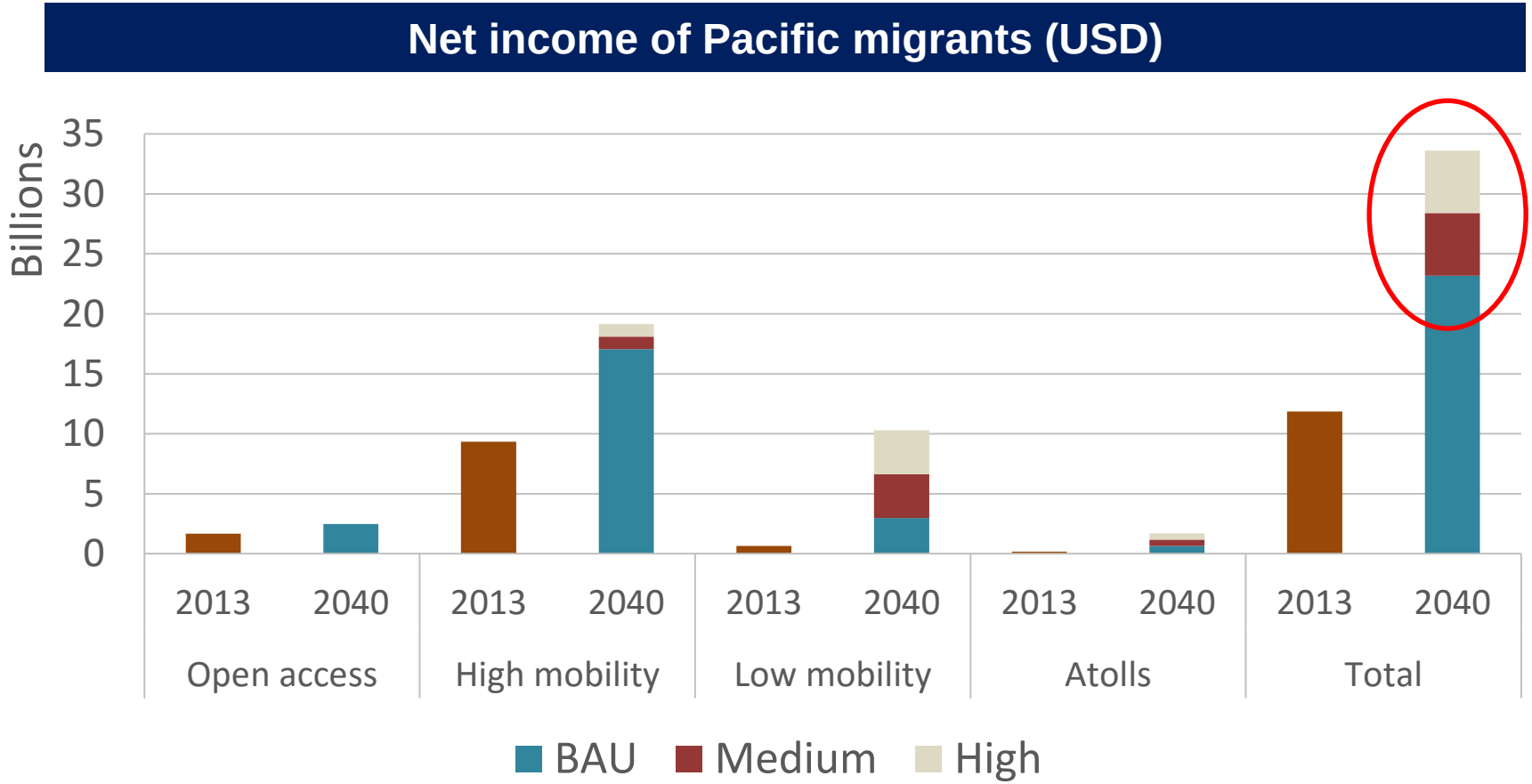
- Compared to BAU, a tripling of non-seasonal migration flows and doubling of seasonal workers
- Labour mobility growth focused on the low mobility and atoll states
- Achieved by substantial implementation of the reforms proposed in the report.

The analysis is illustrative but telling.

The 3 scenarios: migrants



The 3 scenarios: net income



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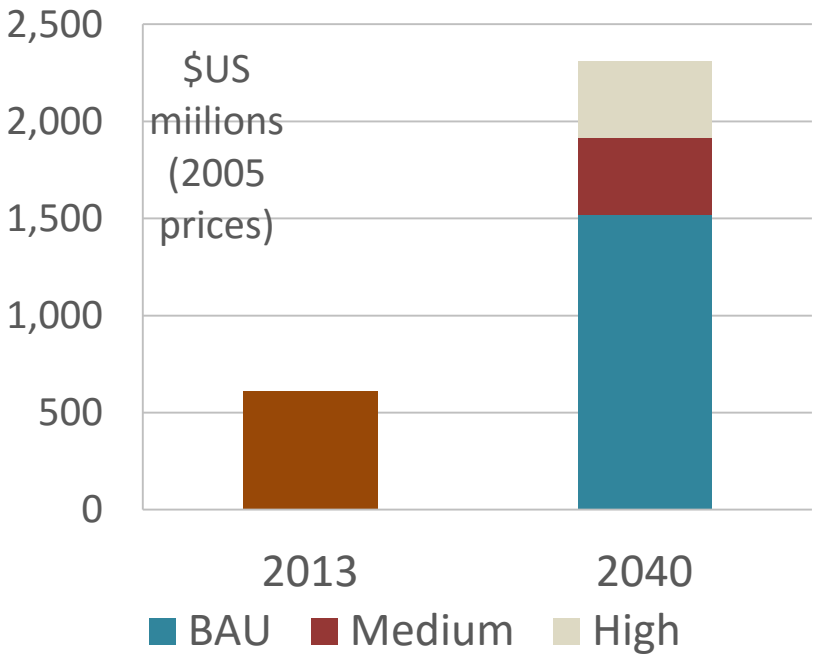
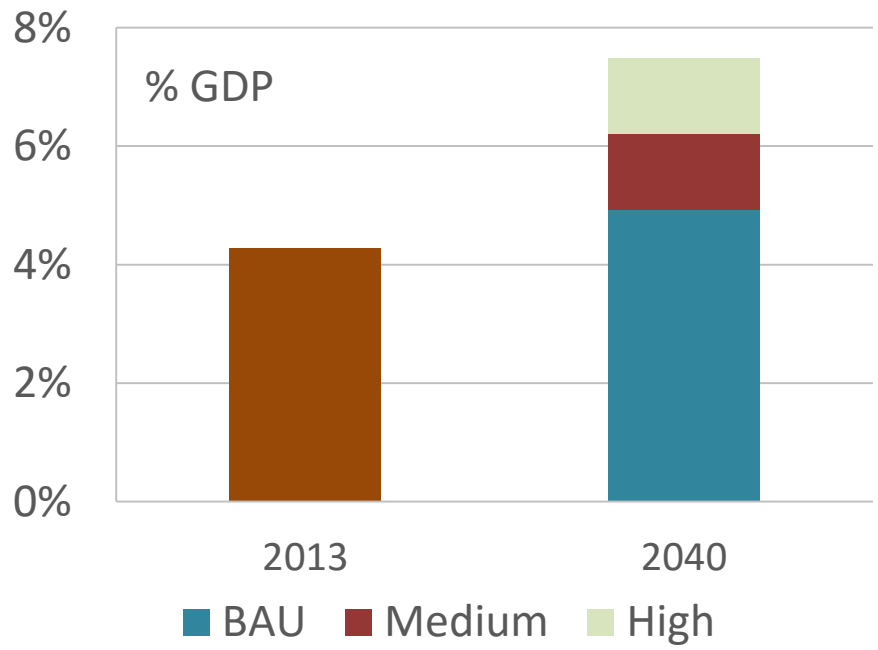
The 3 scenarios: remittances

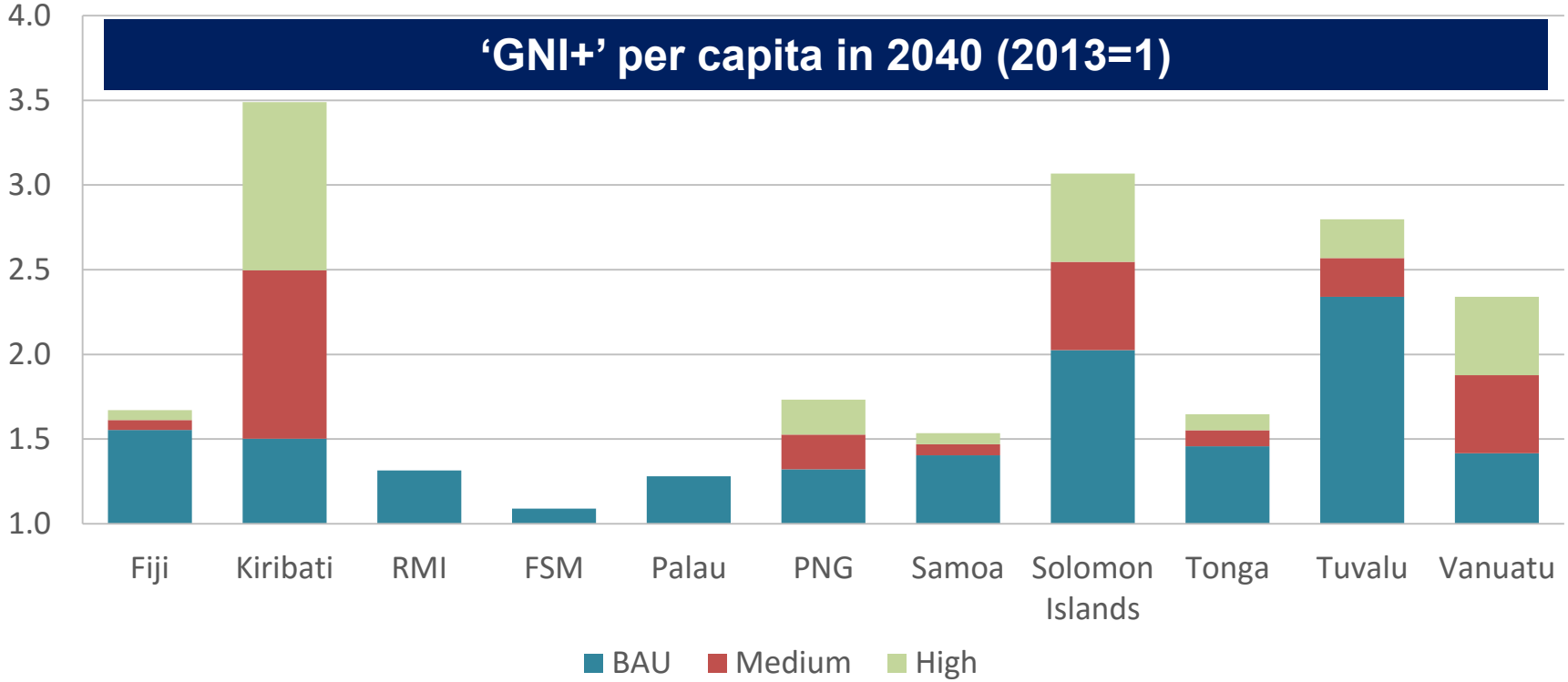
Remittances: USD and % GDP





What would it mean for the Pacific?

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.



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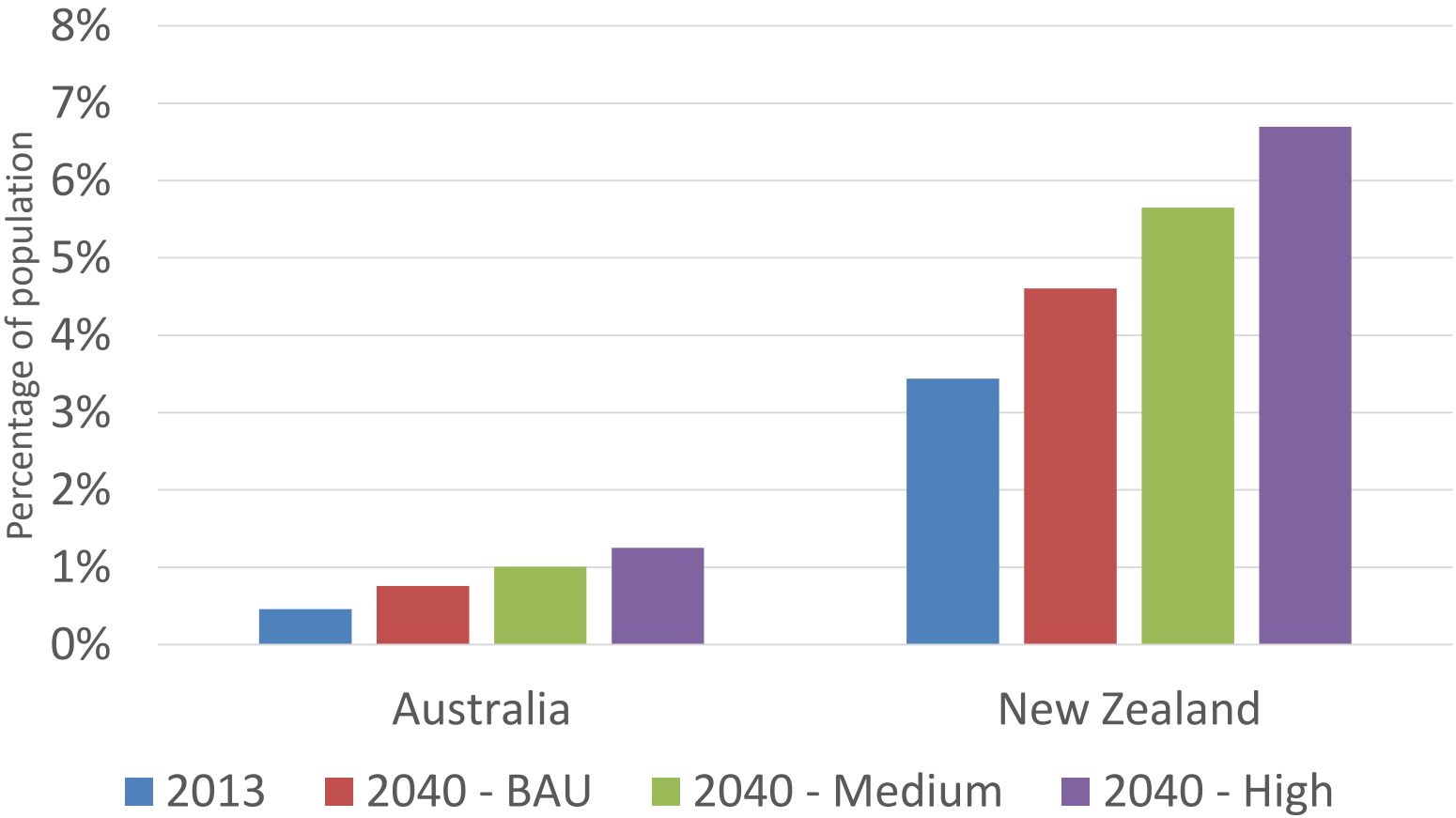
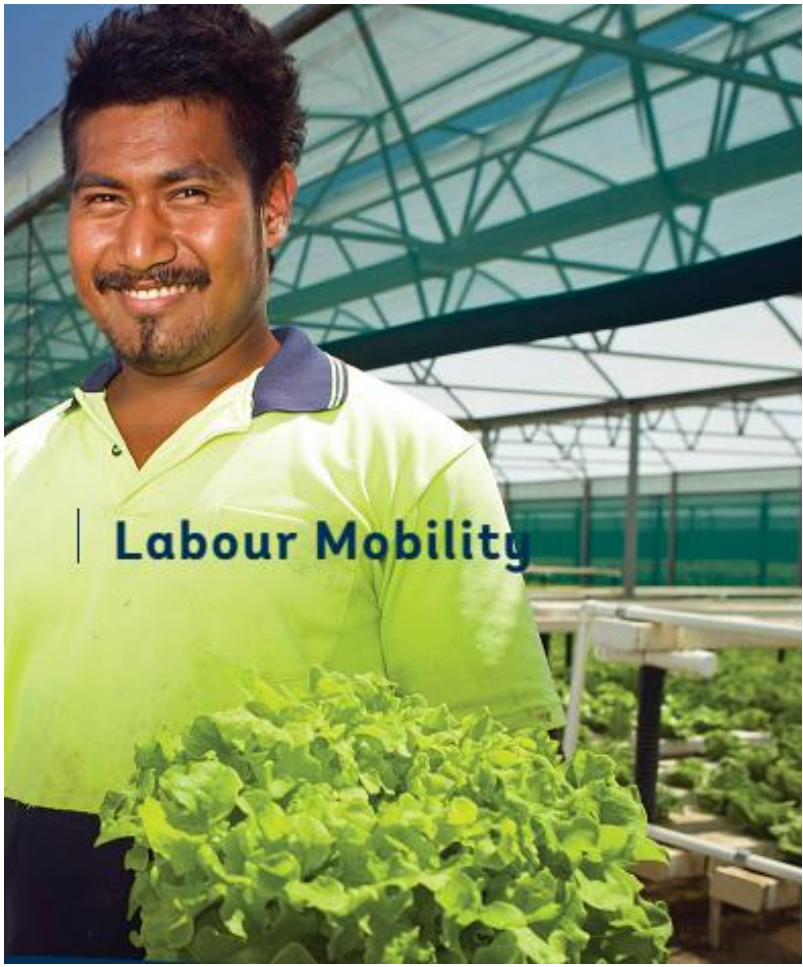
What would it mean for receiving countries?



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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