

## **Introduction**

Good morning ladies and gentlemen. It gives me great pleasure to present a topic that is so important to the growth and development of PNG. In order to be on par with the theme of this Update, it is recommended that after the election 2017 the Government of PNG and those partners from the international community must take heed of research. It is only through research that the hard socio-economic and political issues as well as potential in the area of science, innovation and technology can be harnessed.

In this endeavor, my thesis has been chosen in the field of migration and development. It is a new, emerging and cross-cutting field within the topic of international political economy. It brings together knowledge, expertise and skills from the fields of development economics, international relations, demographic studies, and a host of other disciplines such as history, mainstream economic, and political science. Knowledge, skills and experience from all these fields have an input to the construct of this complex and multifaceted topic , which is so crucial to developing countries.

The topic of my presentation is '**The Migration and Development Nexus in PNG**' which is also the topic of my thesis. The thesis itself is about 51 pages however; I will summarize it and present the main findings and outline policy recommendations in the following order:

- PNG Background and Context
- Purpose and aim of the Thesis
- Explaining Key Terms and their definitions
- Theoretical Framework and the Literature on Migration Development Nexus
- Key Findings of the Research (Domestic & International)
- The Key Challenges
- The Opportunities
- Policy Recommendations

## **Background & Context (PNG)**

When I studied the development context of PNG and how labour migration can be integrated into its national development goals the theory that best fits PNG's migration development nexus is the Nuanced Approach.

The impact of labour migration on the development of present-day Papua New Guinea (PNG) is closely related to labour flows which will then contribute to the improvement of living standards. The Government must develop an appropriate long-term National Labour Policy which will facilitate the appropriate flows of people, and enable the labour force to efficiently deliver services to the people in both urban and rural areas (Aiyus, 2001). These were the introductory remarks extracted from a presentation made by Mr Abert Aiyus who is one of PNG's own researchers in the emerging field of in

Building on from Aiyus' proposal this research goes beyond the domestic labour migration to include international labour migration by utilizing the existing international labor migration.

PNG has been participating in international labour migration at least at the regional context but without a proper conceptual framework and policy. Also at the domestic scene, the country has been failing to implement the tools and approaches used in international labour migration to create labour outflow.

Currently PNG lacks a proper conceptual framework that underpins the integration of migration into the national development framework. Migration and development have often been treated on their own accords in PNG since its independence.

To fill that gap the main aim of this research is to highlight the need for a nuanced approach to the migration-development nexus in Papua New Guinea (PNG), as migration and development are inextricably linked.

Over the last forty-one years since its independence, PNG has vigorously pursued development policies in order to promote economic growth and improve the standards of living for the majority of its citizens. Migration as a characteristic of development predates PNG's independence in 1975. The early settlers in the island of New Guinea migrated from Asia at least 50,000 years ago in search of a better lifestyle (Aiyus 2001). In the sixteenth century, the first European contact was made by the Spanish and Portuguese in their search for spices and cheap labour, and this marked the beginning of PNG's initial contact with the outside world. Colonization began in the nineteenth century involving colonial administrations from Germany, Great Britain, and Australia. Between the 1800 and the 1900, PNG experienced labour mobility, although limited in comparison to the slave trade and indentured labourers in Africa, India and other imperial colonies. For instance, Between 1863 and 1904, among 60,000 Pacific Islanders were some Papua New Guineans who were part of the indentured labourers who provided labour for Australian sugar and cotton industries in the state of Queensland (William 2016 p.1).

Back in PNG, plantation labor was a feature of the pre independence economy where German-established plantations in the north and British plantations in the south also heavily relied on migrants from the New Guinea mainland throughout that era.

### **The Purpose of the Research/ Research Gap**

The aim of the thesis was to **highlight the importance of mainstreaming migration into the development mantra of PNG and its significance in contributing to development by using a nuanced approach that is pragmatic and context dependent.**

The research attempts to seek answers to the following questions:

- What was the problem with the current PNG Labour economic?
- Does it integrate migration as a catalyst for development or not?
- If so, in what areas is it performing well and in what areas does it need a change in policy?

- What have been the main challenges impeding PNG's ability to effectively mobilize its labour resources in order to be responsive to the development outcomes as stipulated under the overall development framework of PNG?

### **Key Terms and Definitions including Justification**

As the research links migration, labour and development which are three different topics to construct a theory, it is important to define each in the context of this research pertaining to PNG.

**Development** as used in this research means the improvement of people's well-being through poverty reduction through increased remittances, increased skills and ideas both nationally and internationally. Almost 50 years ago, development scholars have realized that the link between migration and development used as a catalyst for development. The term is synonymous with the developing countries and how to address global inequality and poverty.

Development is measured by various standards depending on which lens one is using but the one that is most accepted globally is the standards used by the UNDP Poverty Index and the corresponding Human Development Index, both of which PNG fares poorly. For instance PNG is 147<sup>th</sup> out of 189 countries of the world (UNDP: 2015)

**Migration**, in this context refers to mobility or the movement of people for economic reasons. There are other causes of migration that are becoming hot topic globally – migration caused by conflict, natural events such as climate change, and by development. In PNG all of these patterns and causes of migration are evident. The two common types of migration are forced and voluntary, and economic migration is a form of forced migration because it is driven by prevailing push and pulls factors.

**Labour** refers to labour resources as a factor of production. In PNG's context it refers to both the formal wage employed sector comprising 20 % and the informal sector comprising about 80 %.

In PNG the greatest challenge over the last 41 years since independence has been to integrate the 80% trapped in the informal sector into the mainstream economy. For this very reason a shift in paradigm that is to move away from the traditional thinking of formal employed sector as the ONLY labour resources required for development. In short this thesis

## **Research Approach and Methodology Used**

A Comparative Approach to the Roles of Remittance and Skill Transfers between Papua New Guinea and similar developing countries in sub-Saharan Africa were used to highlight the importance of remittances.

Secondly, this research was based on historical analysis of development of theories that underpins the global labour migration thinking namely. These include:

- the functionalist approach commonly referred to as **migration optimism**,
- historical-structuralist paradigm, also referred to as **migration pessimism**, and
- the dialectics of agency-structure or the **nuanced approach**.

The debate between migration and development began in the 1950s (De Haas 2012 & Castle 2014), but historically global labour migration has been integral to industrialization and the development of the global capitalist world market that in turn created the demand for more migration (Castle *et al.* 2014).

## **Domestic Context**

During the subsequent years, the Territory of PNG established a National Constitution, an Eight Point Plan (EPP), and Five (5) National Goals. It became apparent that the Eight Aims and Five National Goals were not easy to fully integrate with the Australian Colonial Administration's developments plans. For instance, from 1964 onwards, the colonial administration concentrated heavily on economic growth without teaching Papua New Guineans how to incorporate the

acquired knowledge and skills so as to help and manage themselves and prepare for independence (Aiyus 2001). Consequently, after independence in 1975 it became obvious that the EPP and Five National Goals were proving difficult to implement. Apart from the plantation labour migrations, no other industries were in the rural areas. This restricted labour flows and therefore skills training.

Historically development in PNG did not favor greater labour migration, possibly due to the inadequate training of human resources to utilize the resources it had. And, the plans and strategies were foreign concepts (Aiyus 2001). However, the only beneficial strategy was the national principles, from which many current national development policies have emerged.

The lack of industries for opportunities to generate income in the rural areas has been the cause for rural urban migration, the need for appropriate plans to address both the causes and effects of labour migration remains critical to the long term development of PNG.

### **The Importance of a Nuance Approach for PNG**

The growing importance of remittances and their impact on development has been acknowledged by the international community. Migration and development are inextricably linked (Newland 2014). Remittances from migrants are the direct foreign investments whereas development aid may require tedious process (Ratha 2007). It also directly contributes to a household's income, thus reducing poverty. The larger the migrant diaspora community, the greater is the income through remittances as foreign direct investment. The global records for remittances sent by migrants to their home had doubled between 2001 and 2006. It had reached \$206 billion. In between 2009 and 2012, the World Bank (2015) recorded more than 500 billion, although between 2006 and 2009 it had been stagnant, probably due to the global recession (IOM 2017).

Critics: In spite of all the popularity of the benefits of migrant remittances for reducing poverty and helping economic growth of the migrant sending state, there are counter arguments. There are counter claims by those in the migration pessimist camp.

Migration pessimists claim that remittances take place outside conventional methods. Hence, it cannot be easily quantified in real terms of how much contribution they are making to the migration sending country. It is argued that most of the remittances are carelessly spent in the destination countries or at the sender countries.

Moreover, the migration pessimist claim that both transactional costs in the form of currency exchanges and other administrative overtures decimates the value of how much they can afford to send as remittances. The arguments offered by the migration pessimists are labelled against the proponents of the neoliberal migration optimists. The optimists strongly maintain that the free mobility of labour force globally is a function of the international labour market demand. The pessimists argue that the international capitalist system is typified by power imbalances based on exploitation. They argue that as long as the unequal power relations between the global north and the global south exist, global poverty will continue to be an issue for the two thirds of the marginalized and poor countries of the world.

Despite these criticisms, the nuanced approach is still a best option for PNG because it recommends circular migration which is preferred mostly by Western Industrialized countries (Newland 2007).

According to proponents of the nuanced approach such as Newland (2003 & 2007), Hugo (2013) and others the circular migration is portrayed as a “triple-win” solution to what was originally thought of as a zero-sum game.

It is claimed that the policy of circular migration is highly preferred by many policymakers in migrant-receiving countries, since it offers destination countries a steady supply of needed workers in both skilled and unskilled occupations, without the requirements of long-term integration.

This scheme has benefits for migrants through skills acquired that can be used upon return (Newland 2007).

Circular labour migration policy is suitable for PNG, since short-term labour has been historically a part of PNG's domestic labour migration policy since independence. It also enables PNG "circular migrants" to maintain an affinity to their land and communities.

### **The importance of Remittances in the nuanced approach**

The impact of migration on development through the volume of remittances is a proxy indicator to illustrate the impact of migration particularly in the absence of other evidences.

The first comparative review done is PNG's own balance of difference between remittances outflow from PNG and remittances inflow to PNG from labour emigrants. PNG does not have a large migrant diaspora however, the few that live abroad, mainly in Australia contributed an estimated 0.1 per cent to the country's' GDP (World Bank 2014).

Whereas, immigration the remittances transmitted out of PNG was USD 512 million in 2012 (World Bank 2011b) that is estimated at 3 per cent of the GDP (World Bank 2014). Based on World Bank records the ACP (2010), claims that before 2012 the outward transfer of remittances had been 40 times more that the value of remittances being received.

The value of remittances received was USD 14 million compared to a remittance outflow of USD 512. One issue with these figures is that there has never been a comprehensive survey on nationals from PNG living abroad.

### **Critical Issues and Challenges**

The value added to the development of PNG by the foreign skilled labour force is still important. Whether the DLIR and other relevant stakeholders in PNG are able to capture the expat labour value bring in to PNG, is another story.

But the concern for PNG is to initiate training and skills development to send abroad for circular and short-term contracts so that the status of remittances can improve. Regrettably, it seems PNG has been losing significantly through remittances sent out based on the 2012 studies convened by

the ACP. With the lack of policy and proper accountability mechanism highlighted earlier, it is highly likely that the gap between remittance outflow and inflow will continue to widen if skills return and international labour migration are not vigorously pursued. PNG has to be proactive in seeking niche opportunities through regional as well as global frameworks for international labour migration. It is therefore reiterated that the need to mainstream migration into the development agenda is an important priority, which PNG has to pursue with support from the international community.

### **Comparative Analysis with sub-Saharan African countries**

It is also useful to compare PNG with other developing countries in Sub-Saharan African states. Most countries in Africa in terms of development indicators generally share some common characteristics with PNG. For instance, there is similar colonial experience, GDP, and Human Development Index. For GDP, except for South Africa, Botswana, and Angola, most of the Sub-Saharan African countries fall between the low to medium levels of the HDI scale. PNG is ranked 147<sup>th</sup> out of 193 countries, above some Sub-Saharan African countries and below others (UNDP 2016). According to the country Strategy Paper of the African Development Bank, it states that on average, roughly 63 per cent of the population lives on less than a dollar a day. For PNG, Gibson (2002) in his household poverty assessments survey 1996 – 2002, found out that its rural people who are not engaged in any form of income generating activities also earn less than one dollar a day (Gibson 2013).

In 2009 the contributions made in terms of remittances by the African diaspora living outside contributed USD 40 billion. The report stated that in the African region, remittances far exceed official development assistance (ODA), and for many countries, they exceed foreign direct investment as well (ACP 2013).

Multilateral and bilateral partnerships between all countries involved in integrating migration into their development frameworks have been involved in a range of capacity building initiatives engaging a broad range of stakeholders.

The following is a list of some of the initiatives.

- setting-up of thematic groups on migration to support governmental and institutional partners in the development of comprehensive migration management strategies (Morocco);
- enhancing capacities on labour migration governance (Algeria, Mali, Mauritania, Morocco, Senegal, and Tunisia);
- strengthening national and regional strategies for extending social security coverage to African migrant workers and their families (Senegal, Mali, Mauritania, Ghana, Ethiopia, South Africa, Uganda, Burundi, Kenya, Rwanda, Tanzania, and Mauritius); engaging diaspora professionals in health sector (Somalia); and many more. (ACP: 2013).

## **PNG's Domestic Policy**

Labour migration involving those in the informal sector has not been properly monitored and accounted for through the conventional measures of unemployment (McGavin 1999:78). One issue that contributed to the lack of monitoring and the very slow phase of integrating of the informal sector into the mainstream economy has to do with conceptual approach. The domestic development policies aimed at improving conditions for the informal sector do not take labour migration by this sector quite seriously.

## **Domestic Labour Policies**

PNG's labour policies are out-dated and weak (ILO 2011 & Imbun 2015). Both the Employment Act 1978 and the Industrial Relations Act 1962 are colonial pieces of legislations prepared and implemented by Australia as the administering power of PNG. The Employment Act 1978 stipulates the creation of the Department of Labour and Industrial Relations (DPLIR). The DPLIR is responsible for employment and labour relations.

To date the cooperation, collaboration and interoperability between the key stake holders remain as key challenges.

The outdated nature and the lack of alignment of the current labour legislation with some provisions in ILO Conventions such as worker's rights to decent conditions, has led to the ILO intervention. The ILO concept of the Decent Work Country Program (2009-2012) was initiated.

### **PNG's Current Literature and Practice in International Labour Migration**

PNG has also been host to a regional south-south approach between the Melanesian countries of PNG, Fiji and Solomon Islands under guidance from the ACP and EU. However, this program has failed due to lack institutional support coupled with socio-cultural factors (Au 2003).

It is worth pointing out some lessons being learnt of the present challenges in the APSWP. Notable among this programme has been the human rights of the seasonal workers from the Pacific in the PISWP although New Zealand's RSE scheme is better administered in terms of seasonal worker's rights to fair treatment.

A damning report was released in the ABS (2016) highlighting Australian farmers preferring back packers over Pacific Islanders leading the Australia Government imposing tax on holiday makers wishing to work part-time. The World Bank (2016) found out that the cheap and irregular backpacker labourers were taking jobs away from Pacific Islanders. Moreover, there have been reports highlighting abuse of labour rights and the evidences has not been acceptable by Australia's standards (Jackson 2013 & William 2016).

International labour migration and development has regained popularity globally on its multifaceted effects on society and economies in the last two decades (IOM 2006 p.1), but little is known about PNG's case.

There is insufficient data and research on international labour migration of PNG (ILO 2011 & Barker 2012). Rather, labour migration and development have always been discussed at the policy level within the domestic context with labour economics studied separately.

Economists, development experts and policy analysts are yet to come up with a conceptual framework or theory that can serve as a guide PNG to mainstream migration into the its national development framework.

There are scholarly works by few researchers from policy institutes and independent scholars on labour employment and related issues such as wages and conditions.

Research undertaken by the country's two leading public policy research institutes: PNG Institute of National Affairs (INA) and PNG National Research Institute (NRI) provide some analysis on migration and development. It is not comprehensive as information and experience of international labour migration has not been a feature of PNG policy or research focus.

The role of international community in particular the ILO, IOM and development partners can be commended for trying address migration-related issues and embracing them as part of the developmental approach that require policy intervention. However to date there is no such policy intervention.

The INA and the NRI as national policy think tanks were assisted IOM and the ILO among other international development partners have initiated joint researches on migration and development.

### **International Efforts and Initiatives in PNG**

Migration has only been introduced into the development framework since the launch of the National Development Strategic Plan following the recommendation from the UNDP as part of the Millennium Development Goals (now called Sustainable Development Goals since 2015).

Under this international intervention, migration had to be mainstreamed into the national development agenda (UNDP: 2002, IOM: 2006, ILO 2009 & Barker, 2011). The objective of the UNDP agenda was to eradicate poverty and promote sustainable growth for PNG.

However, to date there seem to be bottlenecks as a result of no proper conceptual and policy framework. Some of issues and challenges are as follows:

- PNG as a less developed country has been heavily relying on immigration to fill the massive skills shortage since colonialism to the post-independence era.
- PNG lacks proper and up-to-date statistical data on labour migration or movements; quantity and quality of labour; and levels of income in PNG (ILO 2012).
- There is also lack of data on PNG's foreign emigrants; however anecdotal references show that PNG has a very small number of highly skilled emigrants, who have not been accounted for due to their voluntary migration mainly to Australia and a few elsewhere (Barker 2009 & 2011).

Barker (2011) and McGavin's research (2014) strongly claim there is a need to improve the productive capacity of the individuals. That means more skills development and training to address the skills capacity issue.

Wage employment and short term contract employment of low to semi-skilled labor force in PNG is still subject to human rights abuse

The country is still grappling with labor wage policy issues in the low to semi-skilled sector short term employments. They do not comply with internationally accepted standards and practices as outlined in the ILO conventions (Imbun 2004, 2015).

Minimum wage continues to be an issue.

**ILO programs in PNG:** Due to above range of work or employment related issues the ILO launched the ILO Decent Work Country Program.

The primary goal of ILO is to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity (ILO 2009 p.7).

The case of those engaged in the informal sector, which is unregulated, remains a challenge. Some of these people from the informal sector have been employed in seasonal and temporary low skilled employment. Their labour rights to better wages and other conditions of employment have no protection (Imbun 2015).

Brain Drain: Anecdotal evidences do imply brain drain is happening however there is actually no reliable data.

A report titled ‘The Final Report on Jobs in the Extractive Sector in PNG’ was core-edited by Colin Filer (2013), assisted by Marjorie Andrew, Philippa Carr, Benedict Imbun, and Bill Sagir for the World Development Report 2013. The book was based on the mining sector, a major industry within the PNG economy.

It has been claimed that generic information on PNG citizens working and living abroad is hard to quantify because of a lack of policy continuity and coherence, as well as the lack of effective data coordination between the newly created PNG Immigration Services and Customs Authority (PNGISCA) with other relevant stakeholders, including foreign sources (Filer *et al.* 2013, Barker 2012 & ILO 2016).

They estimated that most of these emigrants are likely to be highly skilled and specialized workers, since Papua New Guineans do not have easy access to any labour markets outside the Pacific Island region (Ibid.).

### **International Barriers**

- Political barrier (sovereignty)
- high transaction cost,
- high cost of sending remittances,

- the lack of infrastructure and potential for productive investment in the areas of origin.

In order to mitigate these barriers Grame Hugo's of the nuance camp provided the best practice recommendations. They are summarized under the following broad approaches:

- need for capacity building from pre-departure training to destination and return;
- high level of political commitments and cooperation between the developed labour recipient country and the sending states; proper databases; and
- effective governance for more development friendly migration policies in destinations.

## **The Domestic Policy Environment**

The DPLIR is created by the 1978 Employment Act. Meanwhile the PNG Immigration & Citizenship Service Authority (PNGICSA) is responsible for managing Papua New Guinea's borders in relation to the movement of persons into and out of the country. Its role includes visa processing, integrity checking and enforcement of compliance rules and procedures (GoPNG 2009). In addition, the PNGICSA is responsible for assessing and issuing applications for PNG Passports and supporting the Citizenship Advisory Committee in relation to application for PNG Citizenship.

Traditionally the focus is more on immigration. Conversely, it has been reported that its accountability on Papua New Guineans migrating voluntarily is not properly recorded (McGavin 2014). This implies that labour migration remains a low priority.

Inter-agency cooperation and interoperability to date is ineffective therefore needs reforms. After a detailed study carried out by the Institute of National Affairs in 2014, it stated that the institute is still grappling with matters concerning labour, employment and training issues (Jones & McGavin 2014).

The report also claimed that the link between the different actors and agencies that are involved in the development and management of human resources in PNG is disconnected. A much more

nuanced and inclusive policy to include those engaged in the informal sector remains as a key challenge.

Two Policies that are inclusive and could be reviewed in light of the nuanced approach to migration domestically are the Informal sector economic policy 2011 – 2014 and the National Urbanization Policy 2010-2013.

Migration needs to be integrated into the National Development Strategic Plan, 2010-2030 and the National Development Strategic Plan 2010-2013 since these documents are the strategic guide for the long term transformation and modernization of PNG.

### **Key Challenges**

In seeking the integration of the migration-development nexus into PNG's national development agenda, some of the key challenges learnt from this research are as follows. The first is the obvious **lack of a conceptual framework and national policy.**

This is evident in most of the programs of international labour migration schemes PNG has been involved at the regional level. The second challenge is connected to the first issue and that was that **research and interests on the issue of migration as a catalyst for development was low in the case of PNG.**

Thirdly there have been compelling evidences to suggest that **PNG lacks institutional capacity to be able to integrate migration into the national development agenda.** **Fourthly, socio-cultural and relationship to land in PNG remains as an obstacle to developing industries in the rural areas to promote economic incentives for those in the informal sector.**

Fifthly, it was also evident that policies to maximize participation by the informal sector remain highly contradictory, again attributed to lack of a proper conceptual framework.

At both the regional and international level, one key challenge was the lack of political will from destination country, especially Australia to address the seasonal labour migrants' human rights.

On the benefits of remittances to development, institutional capacity to administer and account for PNG labour emigrants has been weak and dysfunctional.

Moreover, another critical challenge was the low levels of labour force overseas who would then be able to remit funds back to PNG. On the need for a nuanced approach, the key challenge is that PNG lack political will to treat the issue of international labour migration seriously. Equally important is the willingness of the prospective labour migrant receiving countries to allow the flow of labour migrants.

## **Policy Recommendations**

Based on the findings through this research the following policy recommendations are suggested:

1. PNG needs to **integrate migration into the mainstream national development plans** as a priority
2. There needs to be paradigm shift to the nuanced approach to exploit niche opportunities for short term and seasonal employment aimed at sending more Papua New Guinean for both skilled and low skilled migrants.
3. Training programs through both the formal and informal sector should be linked to the international labour markets demands especially for the low skilled so that they are employable with at least the basic appropriate skills required by prospective employers
4. The GoPNG needs to explore the existing mechanisms within the Private Public Partnership (2014) to ensure, the mining sector and foreign investors to support relevant skills training for seasonal employment in the sector within the communities where resource developments are happening

5. A national skills assessment based on development needs be routinized in a whole of government approach by relevant stakeholder in PNG. Where there is competency and skills requirement conducted in order to ensure that under-employment and unemployment is addressed.
6. PNG needs a dedicated migration office that manages the migration-development nexus issues.
7. Australia and New Zealand be encouraged to continue with their regional support missions however with more concerns placed over human rights relating to employment of seasonal labour migrants.
8. Activation of interest in this national project needs to resume with more education and awareness of the benefits of international labour migration especially for the short term and seasonal employment.
9. More active engagement with regional and international programs of seminars, forums and workshops are considered important before adoption of migration into the development plan.
10. The active encouragement of ongoing research and the collection of relevant statistics on the impact of labour migration on the development of the PNG economy.
11. Tying international aid to migration-development nexus related cause such as to addressing the push and pull factor or to retain skills back home to overcome brain drain.