

Improving economic opportunities for skilled migration within the Pacific

(Paper #2: focus on supply of skills)

Objectives of this presentation

1. How can demand for skills be met? (GSP => PSP)
2. Use arbitrage across markets to facilitate mobility of skills
3. Present our ideal scenario of PIF characterised by:
 - Fluid and deeply integrated labour market;
 - Sustainable financing for upskilling of our youth;
 - Gains to source and host nations, and the individual;
 - Circulation of workers throughout PIF (facilitated by PSP).

What is a Global Skill Partnership?

1

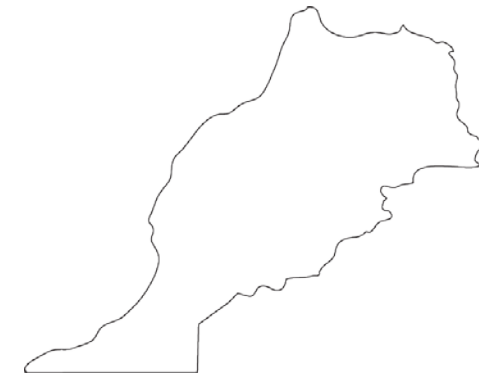
Destination



—————→

Country of destination (1) Identifies projected skills gaps which require migrant labor; and (2) Provides finance and technology to train would-be migrants in a country of origin

Origin



What is a Global Skill Partnership?

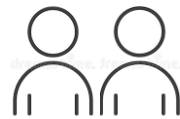
2

Origin

Reintegration into the local labor market


“Home” track

Skills training

 + skills & earning potential

Skills training & integration knowledge
(e.g. language, cultural awareness)

“Away” track

 + skills, earning potential & ability to migrate legally and safely

Who benefits?

Destination



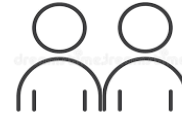
- + Migrants who contribute & integrate quickly
- + Plugged skills gaps
- + Regulated migration: controlled borders & maximum benefits

Origin



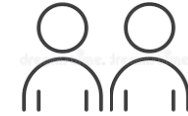
- + Training facilities
- + Increased human capital from “home” track
- + Remittances from “away” track
- + Reduced pressure to meet labor demand

“Home” track



- + Skills
- + Earning potential

“Away” track



- + Skills
- + Earning potential
- + Ability to migrate legally and safely

- **Want to find out more?**
- *Visit: cgdev.org/gsp*
- *Contact: hdempster@cgdev.org*



Pacific Skills Partnerships

1. KANI – 2004 to 2014
2. APTC – 2007+
3. DAMA – 2014 to 2018
4. PLS – 2018+
5. USP – 1968+
6. PNG-Australia Comprehensive Strategic and Economic Partnership (2020+)
7. ...

Opportunities for economic arbitrage

The three parameters to be estimated from this research are:

- i. the value of the marginal product of an Australian-quality worker in the Pacific island country;
- ii. the marginal cost of training an Australian-quality worker in their home country; and,
- iii. the factor for economic arbitrage through mobility of skilled workers.

Mixed methods research design

Employers	Occupations	ANZSCO Codes
Main hospital in national capital	Registered nurse, enrolled nurse	2544, 4114
Major multinational banks	IT, accounting	2611–2613, 2621, 2631–2633, 2211, 5511
Major regional hotel chain (e.g. Coral Seas Hotel Group)	Chef	3513
Deloitte, Ernst & Young, PWC	Chartered Accountant, accounting graduates	2211, 5511
National Electricity Company (Energy Fiji Limited, PNG Power, etc) & mining companies	Electricians, plumbers, and refrigeration technicians	3411, 3421–3424, 3341
In-country Toyota dealers	Auto-mechanics and service personnel	3211, 3212

Table 1: Total annual median remuneration of accounting grads, AUD

	Private Sector (Multinational)	Public Sector	Not-for-Profit (International)	%AUS
Cook Islands	34650	35118	39600	58
Fiji	12672	14256	27720	21
PNG	23500	22560	28200	39
Samoa	14000	8960	17920	23
Solomon Islands	7424	7628	16800	12
New Zealand	48000	54450	59400	80
Australia	60000	55000	60000	100

Table 2: Costs of acquiring accounting qualifications

	Tuition	% AUS	Accommoda tion	%AUS	Total	%AUS
Australia	31320	100	58320	100	89640	100
New Zealand	18950	61	49767	85	68718	77
FNU	8393	27	13919	24	22312	25
USP	13561	43	5383	9	18944	21
UPNG	18505	59	15754	27	34259	38
UNITECH	24884	79	10588	18	35472	40

Table 3: Years of remuneration by Country to pay for tuition for Accountants

Country/Institution	FNU	USP	UPNG	UNITECH	NZL	AUS
Cook Islands	0.24	0.39	0.53	0.72	0.55	0.90
Fiji	0.66	1.07	1.46	1.96	1.50	2.47
PNG	0.36	0.58	0.79	1.06	0.81	1.33
Samoa	0.60	0.97	1.32	1.78	1.35	2.24
Solomon Islands	1.13	1.83	2.49	3.35	2.55	4.22
New Zealand	0.17	0.28	0.39	0.52	0.39	0.65
Australia	0.14	0.23	0.31	0.41	0.32	0.52

Factor for arbitrage = $4.22/0.14 = \text{Tuition}_{\text{AUS}}/\text{Tuition}_{\text{FNU}} \cdot \text{TR}_{\text{AUS}}/\text{TR}_{\text{Solomon Is.}} = 3.7 \cdot 8.1 = 30!!!$

Table 4: Years of remuneration by Country to pay for tuition for IT graduates

Country/Institution	FNU	USP	UPNG	UNITECH	NZL	AUS
Cook Islands	0.13	0.25	0.40	0.46	0.50	0.50
Fiji	0.26	0.50	0.78	0.89	0.96	0.97
PNG	0.26	0.50	0.78	0.89	0.97	0.97
Solomon Islands	0.81	1.56	2.45	2.80	3.02	3.03
New Zealand	0.14	0.26	0.41	0.47	0.51	0.51
Australia	0.12	0.22	0.35	0.40	0.43	0.43

Factor for arbitrage = $3.03/0.12 = \text{Tuition}_{\text{AUS}}/\text{Tuition}_{\text{FNU}} \cdot \text{TR}_{\text{AUS}}/\text{TR}_{\text{Solomon Is.}} = 3.7 * 7 = 25!!!$

Table 5: Years of remuneration by Country to pay for tuition for Chef graduates

Country/Institution	APTC (Fiji)	FNU	USP (Pacific TAFE)	APTC (PNG)	APTC (Samoa)	New Zealand	TAFE (QLD)	Australia average
Cook Islands	0.21	0.10	0.18	0.15	0.10	0.43	0.92	0.70
Fiji	0.31	0.15	0.26	0.22	0.15	0.63	1.34	1.02
PNG	0.52	0.24	0.43	0.37	0.25	1.05	2.23	1.69
Samoa	0.49	0.23	0.41	0.35	0.24	0.99	2.09	1.59
Solomon Islands	0.53	0.25	0.44	0.38	0.26	1.07	2.28	1.73
New Zealand	0.09	0.04	0.07	0.06	0.04	0.17	0.37	0.28
Australia	0.05	0.03	0.05	0.04	0.03	0.11	0.23	0.18

Factor for arbitrage = $2.28/0.03 = \text{Tuition}_{\text{TAFE QLD}}/\text{Tuition}_{\text{APTC Samoa}} \cdot \text{TR}_{\text{AUS}}/\text{TR}_{\text{Solomon Is.}} = 8.8*9.8= 86!!!$

Conclusion & policy lessons for PSP

1. Demand for skills in Australia will increase (P#1).
2. Policy challenge: Match DD (P#1) with SS (P#2)
3. Supply via market through:
 - Sustainable finance – loans from a Revolving Fund
 - Local accredited institutions for upskilling
 - PSV for circular flow of youth in PIF

Why opportunities for arbitrage not realised?

1. Behind the border restrictions - domestic scholarships for service at home
2. Across the border barriers - visa requirements, recognition of qualifications
3. Lack of finance
4. Absence of information.

Why now?

- **Developed countries** are facing huge decreases in their working-age population, with private companies demanding increase in workers + skills.
- **Developing countries** seeing huge increases in working-age population, some of whom will enter local economies, others will migrate.
- Positive relationship between migration and development is well known.
- Legal migration pathways will:
 1. Alleviate pressures in countries of origin;
 2. Fill critical shortages in countries of destination;
 3. Decrease the incentives for irregular migration; and,
 4. Provide much need income and employment during the current crisis.

Table A1: Hotel accommodation costs in the capital city

Country	Hotel	AUD	% of Aus.
Cook Is	Sanctuary Rarotonga	344	275
Fiji	GPH Suva	290	232
PNG	Grand Papua, Port Moresby	245	196
Samoa	Tanoa Tusitala Hotel, Apia	217	174
Solomon Islands	Kitano Mendana Hotel, Honiara	244	195
New Zealand	Mercure Wellington Central City	91	0.73
Australia	Mecure Hotel Canberra	125	1

Costs of 4-Star hotel accommodation in the capital city