

Pacific Labor Mobility and Remittances in times of COVID-19

Development Policy Centre, Australian National University
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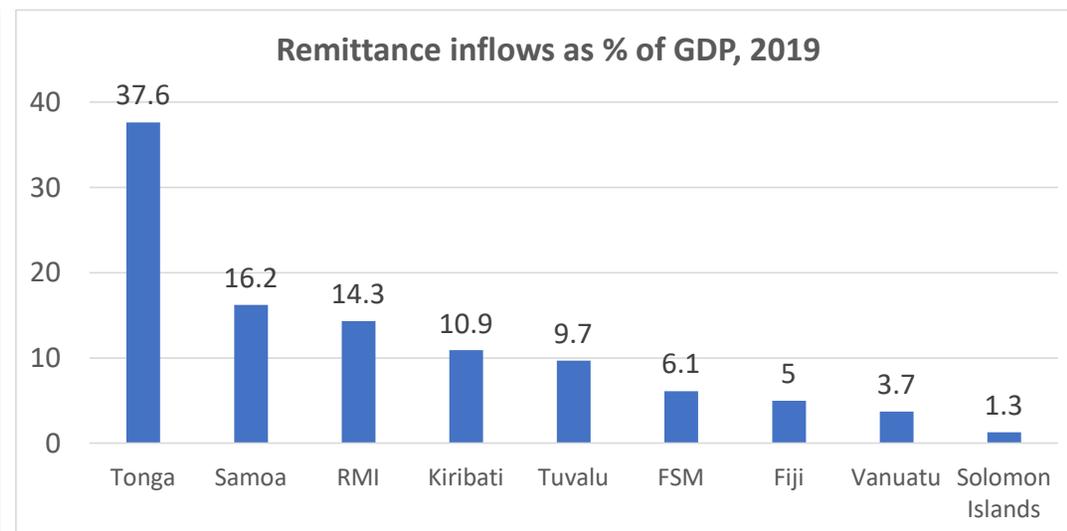
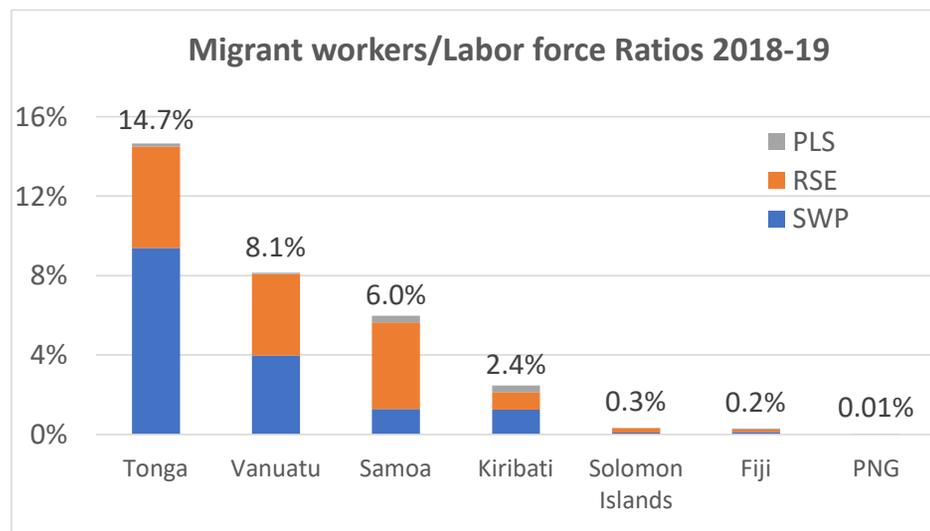
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Outline

- ❖ Pacific labor mobility and what this work is about
- ❖ Pacific diaspora: demographic profiles and impacts of COVID-19 on employment, remittances and resilience
- ❖ Seasonal workers: employment, earnings, remittances and labor demand

Labor migration provides important sources of employment and income to PICs

- ❖ **Limited domestic formal job opportunities**
- ❖ **Large proportions of households rely on international remittances** to finance essential consumption and investment in human capital (schooling, health expenses, dwelling renovation)
- ❖ **COVID-19 likely causes significant changes** in the demand for Pacific seasonal workers and feasibility of labor mobility schemes, as well as remittance flows to PICs in both the short and medium terms
- ❖ **Labor mobility can play an important role in supporting economic recovery** in PICs post-COVID



What is this work about?

- ❖ Research questions:
 - *How is COVID-19 likely to affect the earnings and employment of Pacific migrant workers in Aus. & NZ?*
 - *To what extent has COVID-19 affected the flow of remittances to Pacific Island countries?*
 - *What are the likely flow-on effects on remittance-receiving households and economies in the Pacific?*

- ❖ Data collection: phone-based, done between mid-June and early September 2020
 - Quantitative surveys: non-representative but diverse samples, over-sampling female workers
 - Current SWP and RSE workers from 5 Pacific countries and Timor Leste
 - Cancelled SWP and RSE workers in Kiribati, Tonga, and Vanuatu
 - Seasonal workers' households
 - SWP and RSE employers
 - Semi-structured interviews of Pacific diaspora representatives in Aus & NZ
 - Sample capture geographic and cultural diversity, covering 8 Pacific communities

Data collection – Samples

Quantitative surveys		Fiji	Kiribati	Samoa	Timor-Leste	Tonga	Vanuatu	Total
Current workers	SWP	33	30	17	35	60	109	284
	RSE	32	33	92	0	38	107	302
Households		40	28	21	23	50	109	271
Cancelled workers			35			63	97	195
Employers	SWP				44			
	RSE				30			

Qualitative interviews	Location	No. of interviews
New Zealand	Auckland	6
	Dunedin	1
Australia	NSW	3
	NT	1
	QLD	7
	SA	1
	VIC	10
	WA	1
Total		30

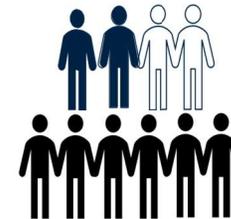
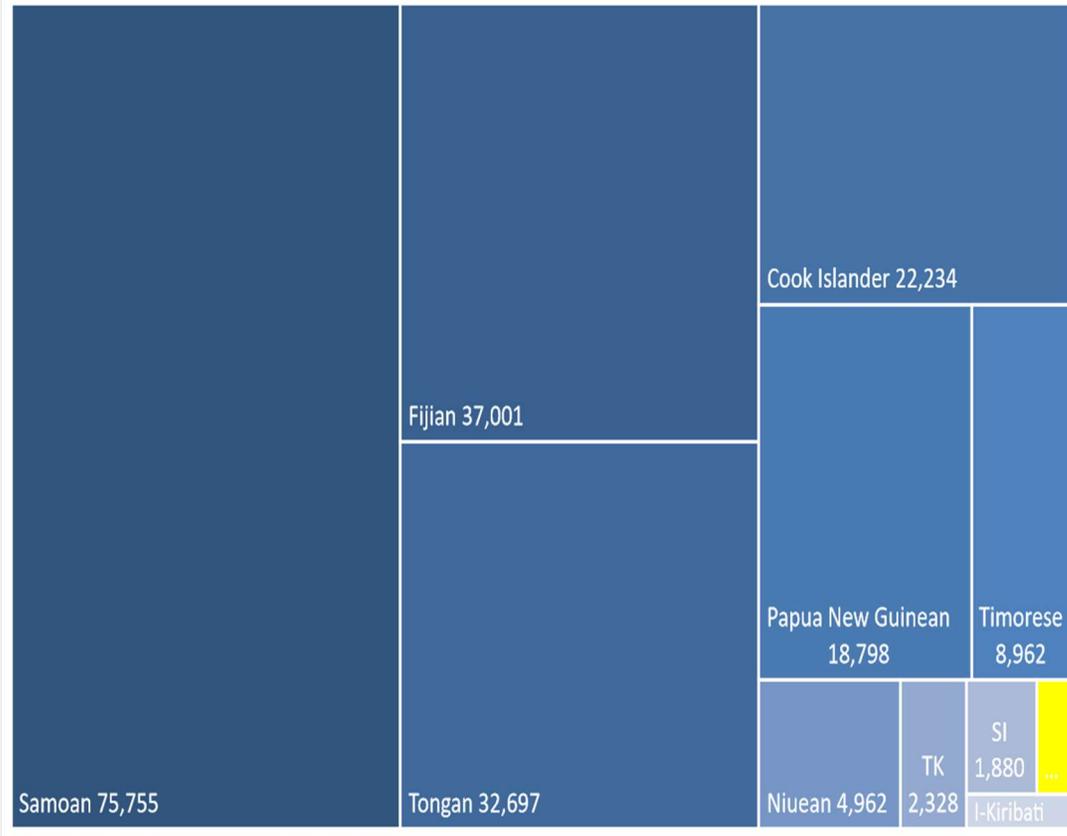
Community Represented	No. of interviews
Fiji	3
Kiribati	2
Mixed nationalities	8
PNG	3
Samoa	6
Solomon Islands	1
Tonga	4
Tuvalu	1
Vanuatu	2

Pacific Diaspora

- Profiles of Pacific diaspora in Australia and New Zealand
- Impacts of COVID-19 on diaspora members in Australia and New Zealand

Pacific Diaspora profile in AUS

Pacific Diaspora in Australia by Ancestry, 2016



68-87% of Pacific diaspora members that have completed secondary school and/or hold Cert III-IV/diploma

The Pacific diaspora work in occupations that are predominantly low- and medium-skilled.

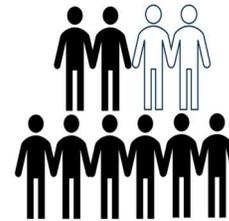
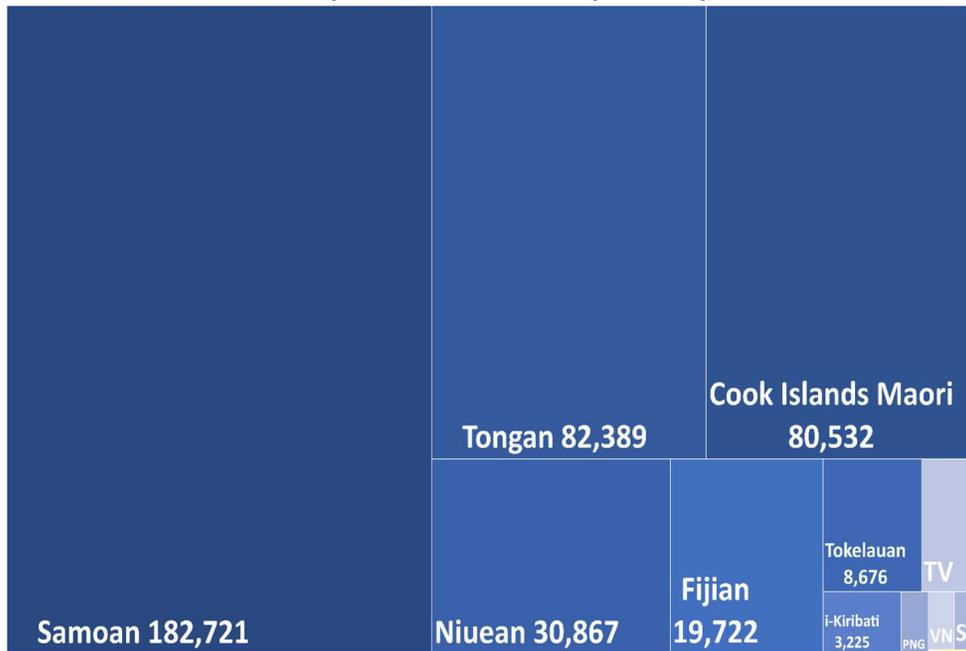


Higher risk of job and income losses: Pacific diaspora work in occupations with high physical proximity or with skill levels that are not easily transitioned into a digital or home-office setting → *may affect employment and ability to send remittances*

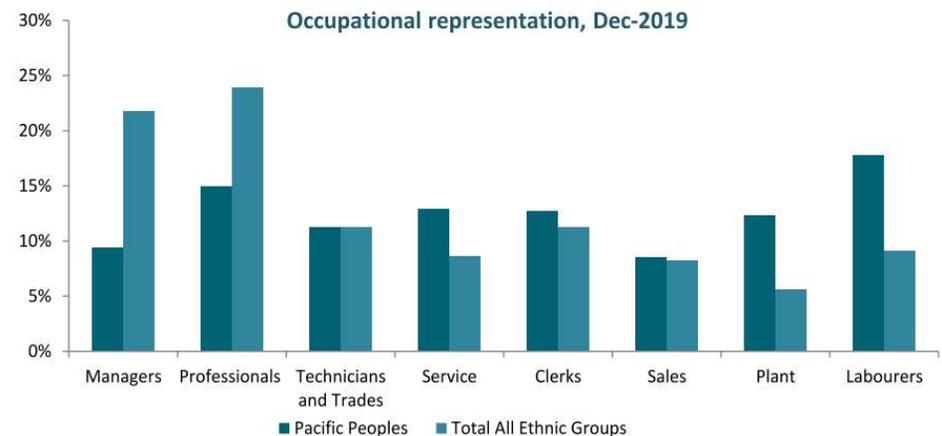
Sources: various. World Bank staff calculations based on 2018 Census, Australian Bureau of Statistics. Icons by Freepik.

Pacific diaspora profile in NZ

Pacific Diaspora in New Zealand by Ethnicity, 2018



70-85% of Pacific diaspora members in NZ that has up to secondary school level of education.



- ❖ **Similarly to Australia, Pacific diaspora in NZ are vulnerable to COVID impacts on job and income losses: Pacific diaspora work in occupations with high physical proximity or with skill levels that are not easily transitioned into a digital or home-office setting → *may influence their employment prospects and remittance behavior***

Employment Impacts

- More than half of community representatives believed that COVID-19 had impacted their community's employment.
 - Vulnerability to job losses, reduced working hours.
- Youth helping out financially but losing out education-wise.



Pasifika Students leaving School to Support Their Families

- "Before Covid-19, all it could take for a student to realise that their family was struggling was just one medical emergency or maybe just one parent being laid off
- "... It is the biggest act of sacrifice and love."
- "No child wants to watch their parent have to struggle when they know they could do something and I think that is the situation for a lot of students."

AIGAGALEFILI FEPULEA'I-TAPUA'I
Head girl - Aorere College

(TVNZ1 Breakfast show 26 Aug 2020)

PAC19 PASIFIKA AGAINST COVID-19

Access to Government Payments & Support

- Government payments have provided some insulation from the real impacts of COVID-related job losses.
- Not all Pacific Islanders are eligible to receive government payments.
 - Other barriers including language
 - Other options including superannuation (Aus)
- Cultural factors (shame) can provide a barrier to accessing formal services.

Impacts on Remitting

- Cancellation of some events in PICs means less remitting.
- Some people are remitting less than they did before COVID-19.
 - 'COVID remittances' & financial strain
- Some people are remitting more than they did before COVID-19.
 - Fiji (tourism industry) & Vanuatu (Cyclone Harold/tourism)
- Remittance flows have changed in response to conditions in home and host societies.



Seasonal Workers under the SWP and RSE schemes

Some preliminary findings about COVID-19 impacts on

- Current Pacific and Timor Leste workers
- Cancelled workers in Kiribati, Tonga, and Vanuatu
- Employers

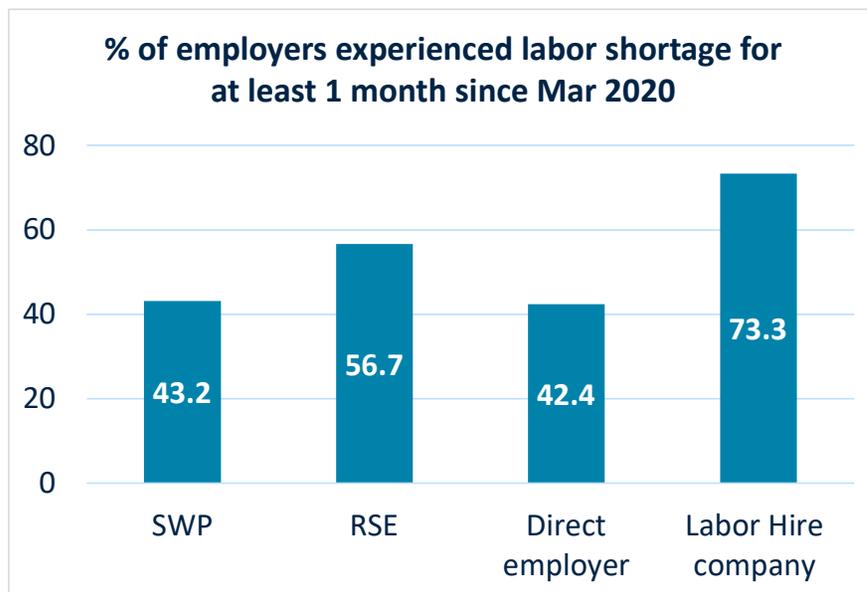
Seasonal employment amidst lockdown and social distancing

❖ Significant labor shortage

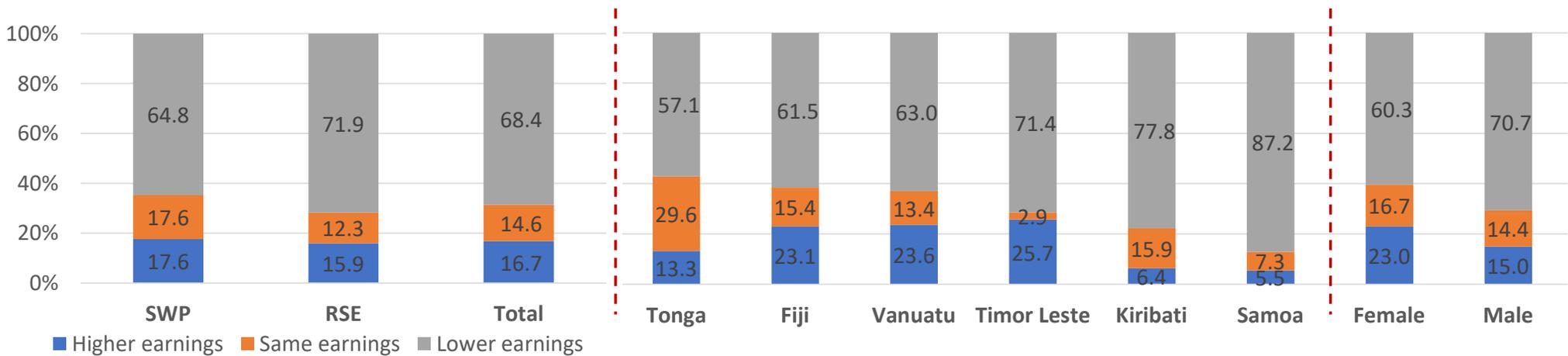
- More severe in NZ, potentially due to relatively stronger demand during peak harvest season (Mar-Jun)

❖ Main reasons:

- Cancellation and delay of prospective seasonal workers
- Decrease in no. of backpackers/local workers
- Higher cost of recruitment (Australia)



Broad-based earnings loss, but there are some winners



Weekly work hours		SWP	RSE
Workers experienced more work hours	▲	8.3	▲ 16.2
Workers experienced fewer work hours	▼	17.3	▼ 18.9
Weekly earnings		SWP	RSE
Workers experienced higher earnings	Absolute change	▲ A\$ 209	▲ NZ\$ 306
	Relative change (%)	▲ 68.7	▲ 60.9
Workers experienced lower earnings	Absolute change	▼ A\$ 399	▼ NZ\$ 400
	Relative change (%)	▼ 49.5	▼ 50.6

- ❖ Significant reduction in work hours and earnings across schemes

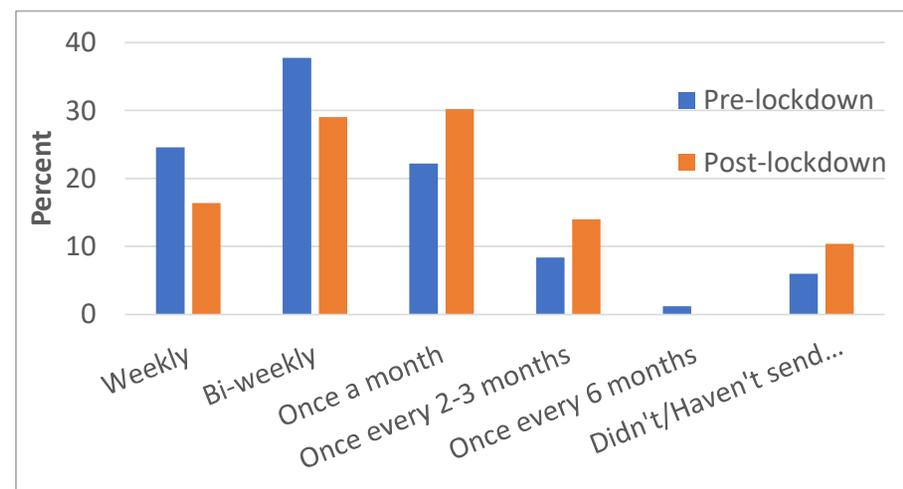
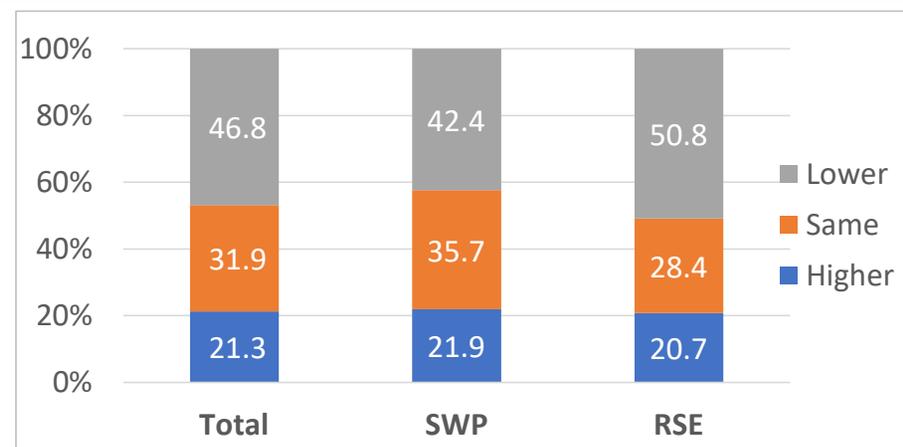
- ❖ Impacts vary across nationalities and genders
 - Females less likely to experience income decrease but extent of income loss markedly larger (58% vs. 48%)
 - Samoan, i-Kiribati and TL workers worst affected in terms of both likelihood and extent of income decrease

Remittances: lower, less frequent, but still counter-cyclical

❖ Remittances decreased but not as much as earnings

- 68% workers reported lower earnings, but only 47% reduced their remittances
- > 40% of those earning less either maintained or even increased their remittances, often at the expense of their own living consumption

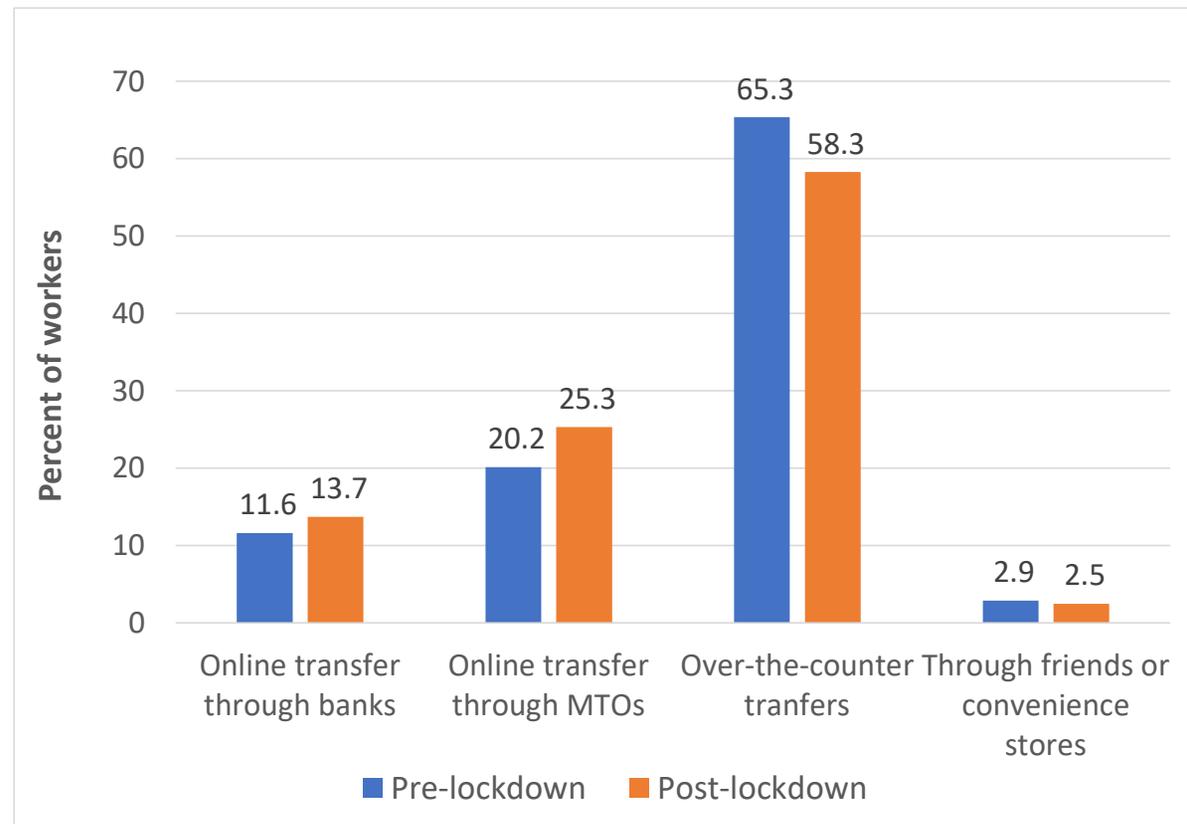
Remittances per transaction		SWP	RSE
Workers remitted more	Absolute change	▲ A\$ 551	▲ NZ\$ 405
	Relative change (%)	▲ 181.7	▲ 207.1
Workers remitted less	Absolute change	▼ A\$ 478	▼ NZ\$ 303
	Relative change (%)	▼ 53.3	▼ 48.1



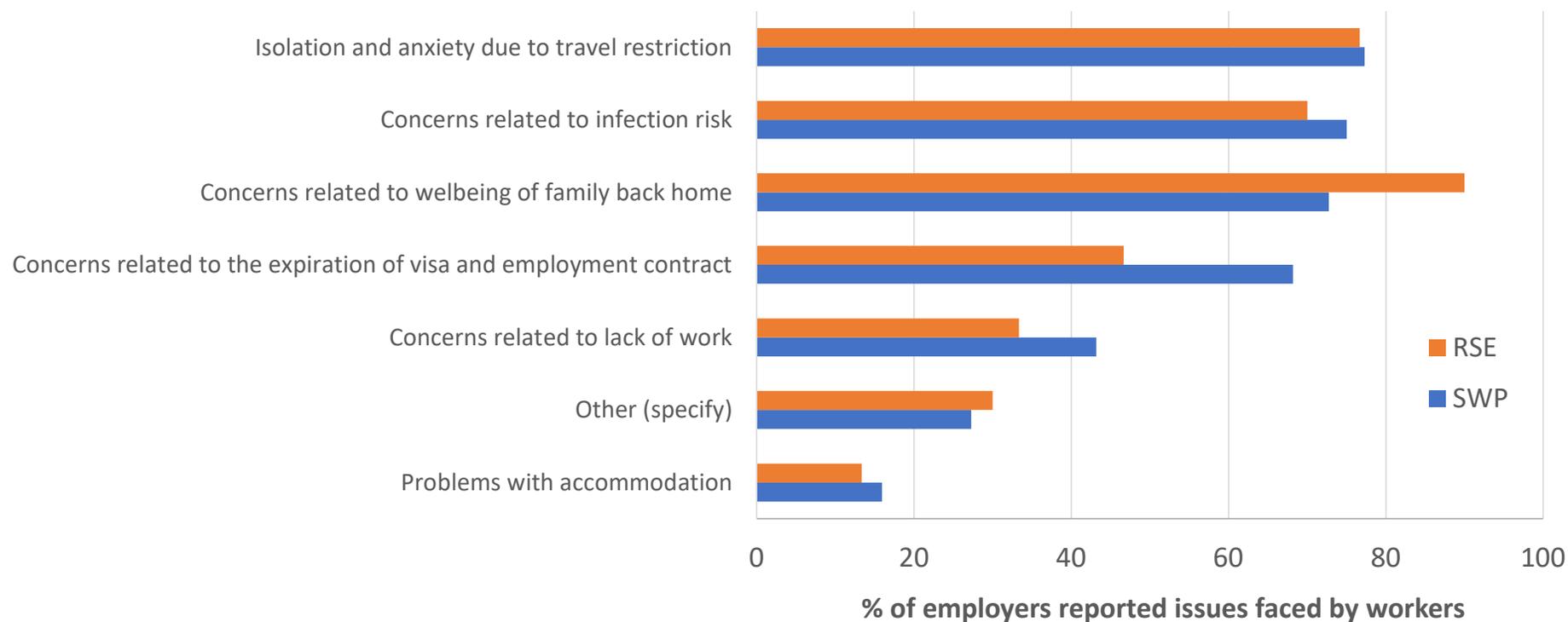
Digital transfers increased, but only slightly...

... possibly because seasonal workers have limited access to and/or knowledge of digital transfer services

- ❖ Among RSE workers, the increase is more evenly spread between online services offered by banks and MTOs.
- ❖ Among SWP workers, the increase is only visible in online transfer through MTOs.



Beyond earnings and remittance decreases, COVID-19 has been detrimental for workers' mental health

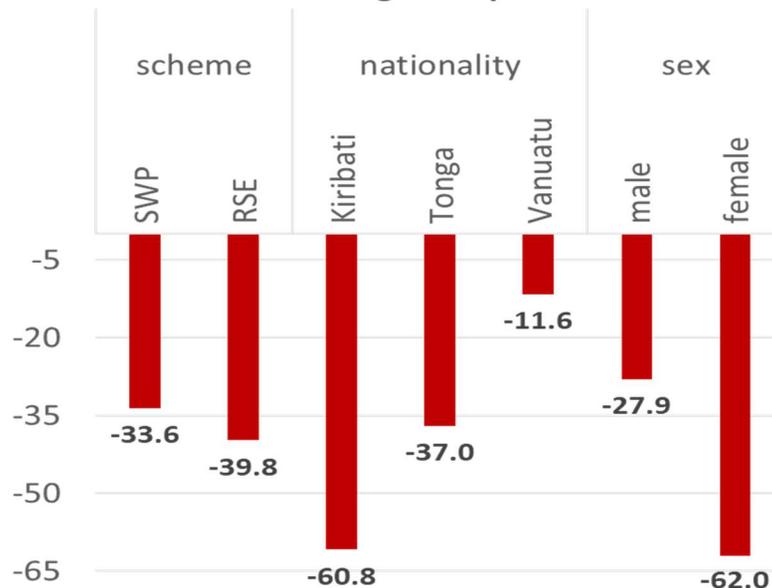


Cancelled workers: Coping with lost income and employment

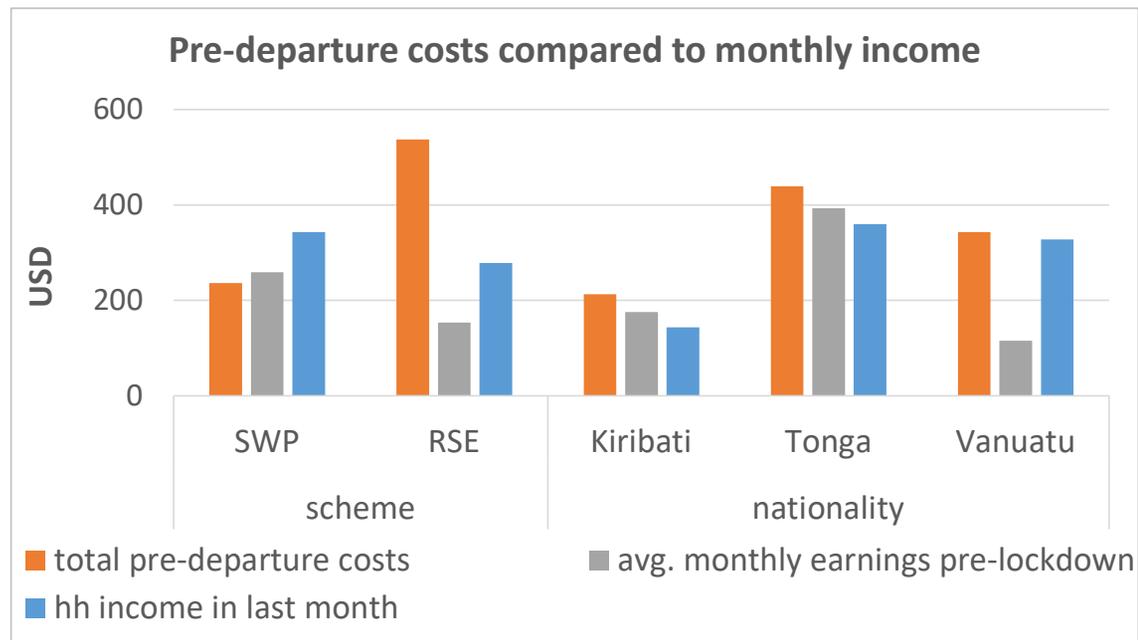
- ❖ Workers have become more economically active, often in agri. activities
- ❖ Drastic reduction in earnings, esp. among i-Kiribati and female workers

- ❖ Substantial pre-departure cost, NOT refunded
 - Heavy burdens, especially for RSE workers
 - Often loan-financed (34%); 80% of those who borrowed haven't paid off their debts

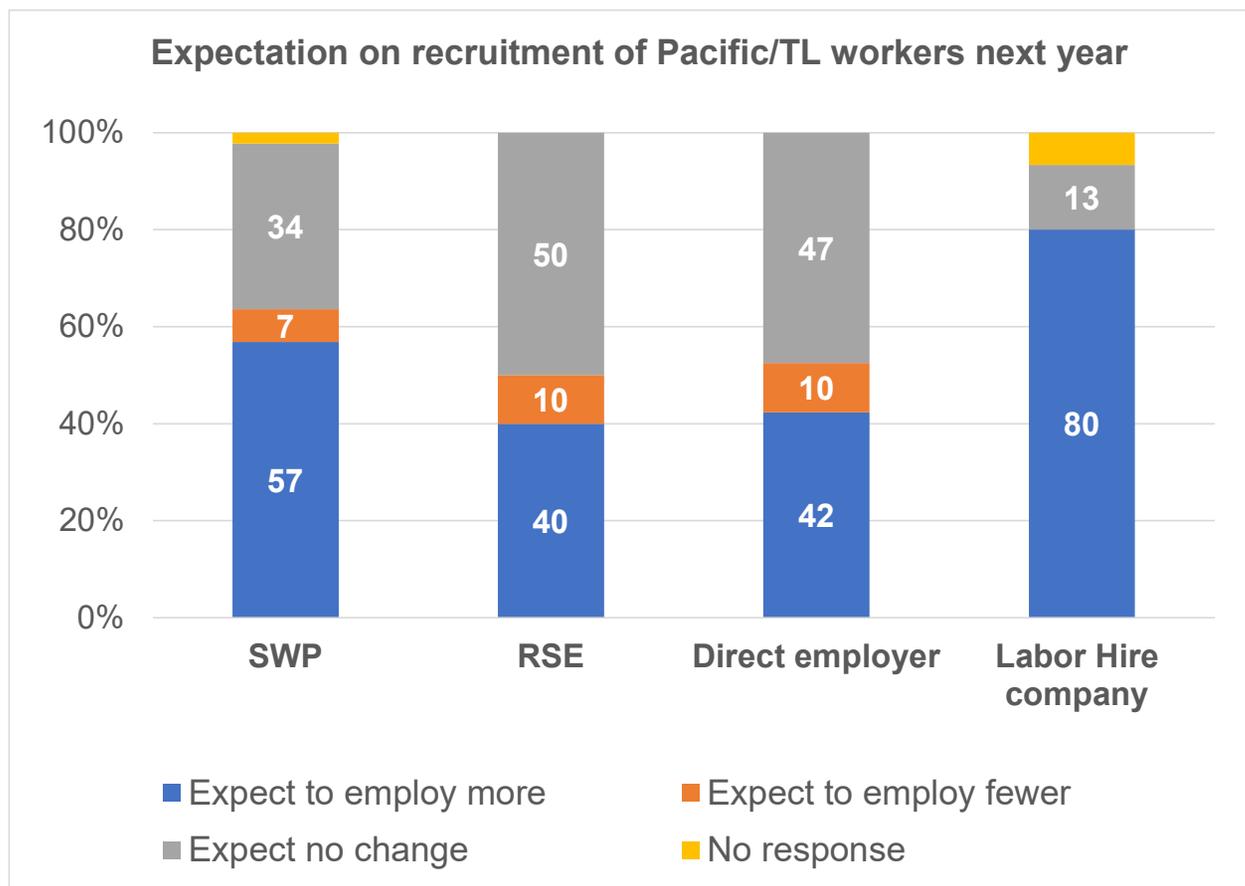
% decrease in earnings compared to Jan-Feb



Pre-departure costs compared to monthly income



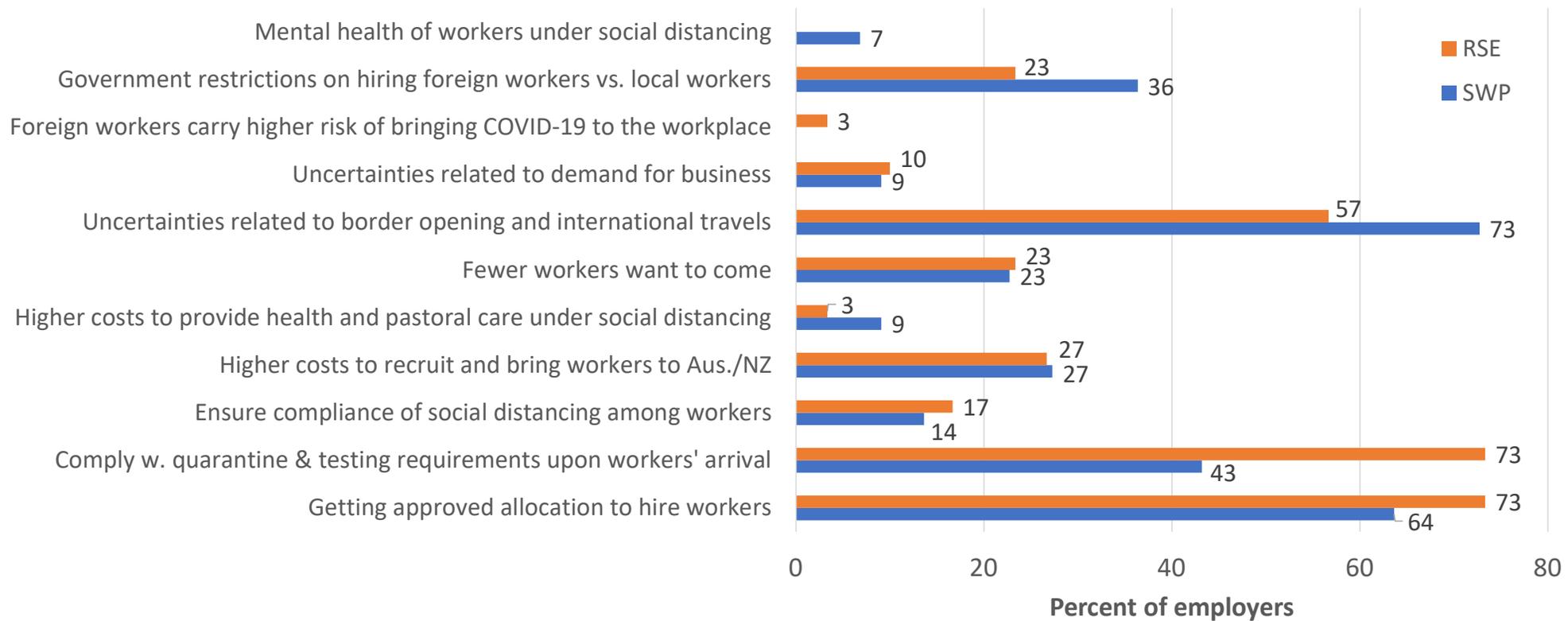
Demand for seasonal workers remains strong, despite the pandemic



- ❖ 98% of surveyed employers want to hire Pacific/TL workers next year
- ❖ About half expecting to hire more (80% of Labor Hire companies)
- ❖ Demand seems relatively stronger in Australia

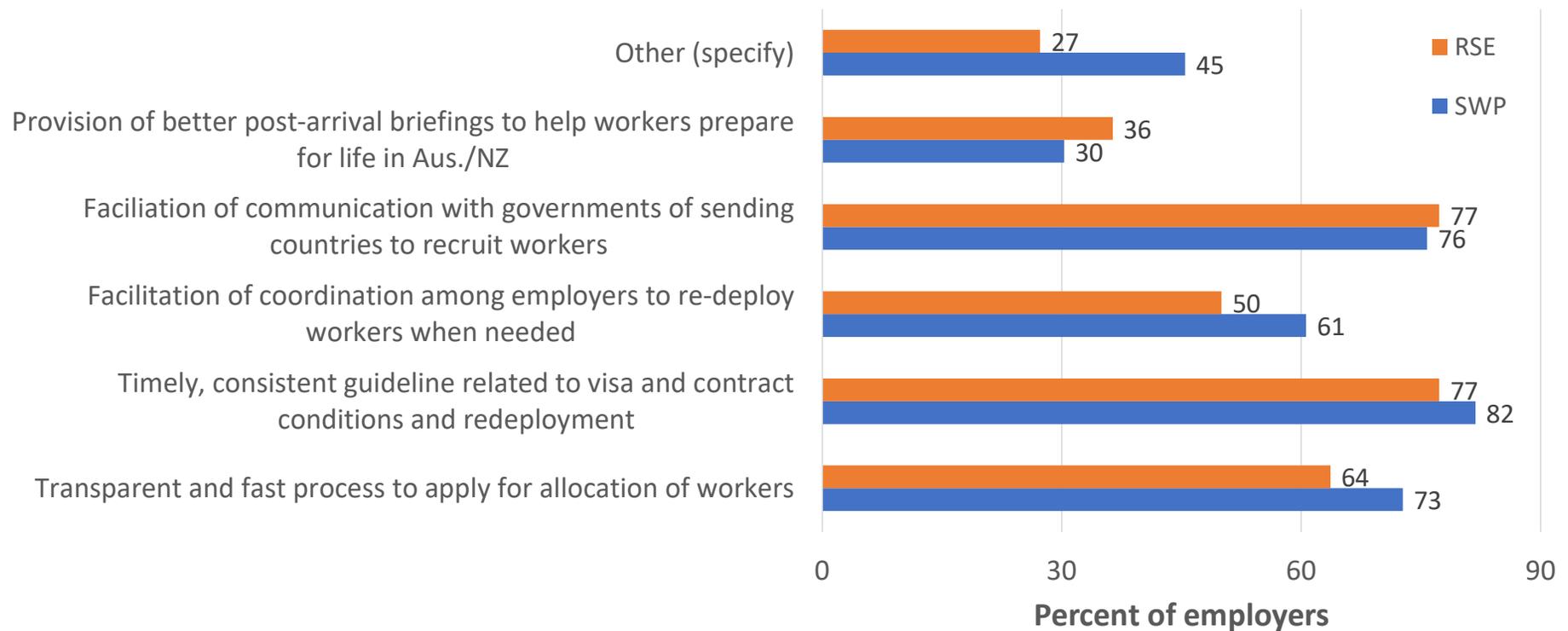
...but challenges remain for LM schemes to resume at a meaningful scale

Top challenges (perceived by employers) to employ Pacific/TL workers next year



Key support employers wish to receive from governments

...in terms of hiring and managing SWP/RSE workers during this crisis

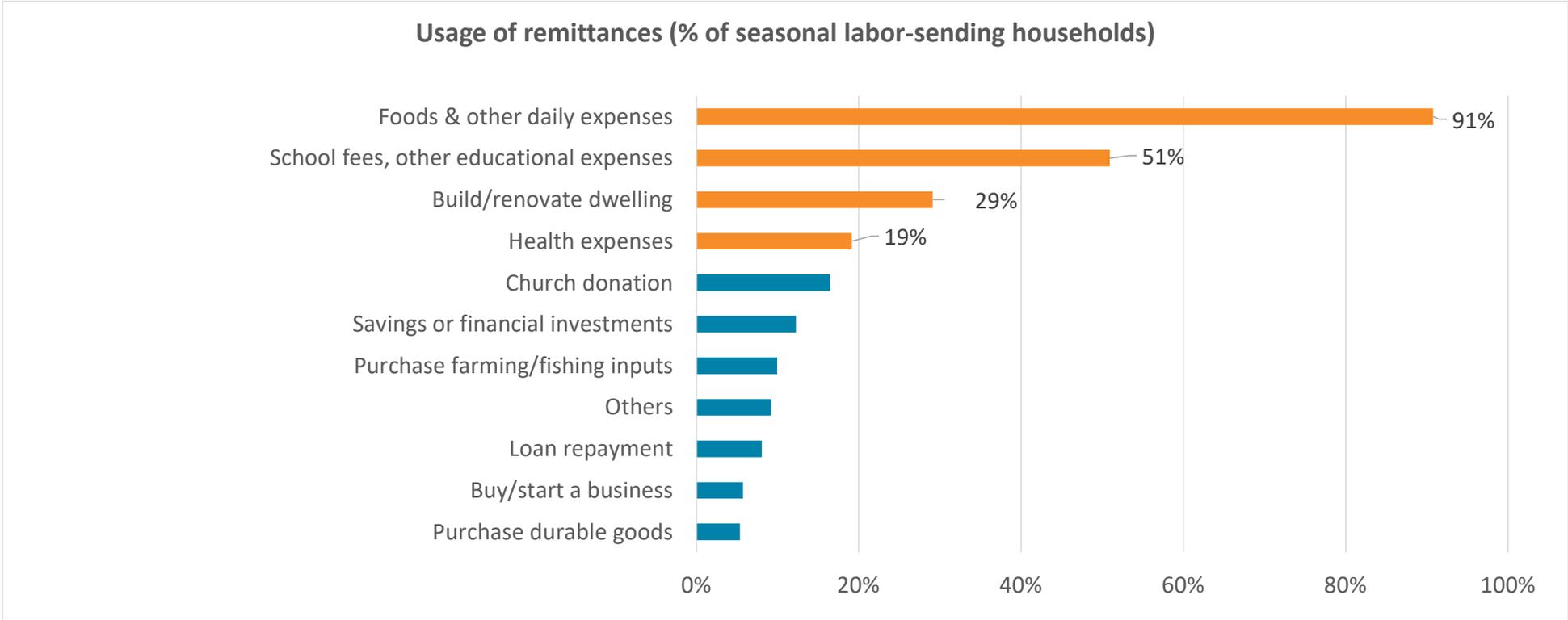


Summary

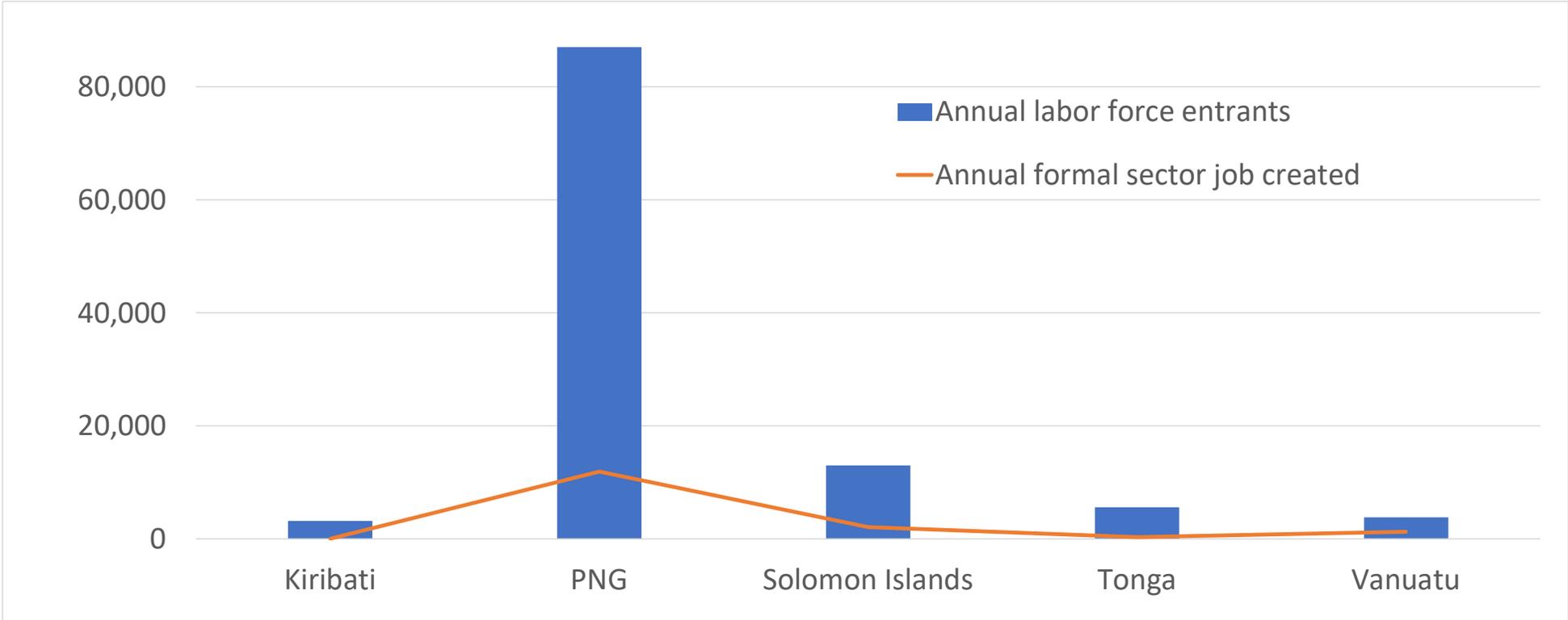
- ❖ COVID-19 has caused broad-based reduction in employment, earnings, and remittances of seasonal workers and Pacific diaspora members. But the impacts are far from uniform.
 - Female seasonal workers are hit harder.
 - Impacts on the frequency and value of remittances are associated with not only earnings of migrant workers but also demand for income support from their families and accessibility of remittance services under social distancing.
- ❖ The pandemic (combined with TC Harold) has also caused mental distress among both seasonal workers and diaspora members.
- ❖ Employment prospects for longer-term Pacific migrant workers are high dependent on the economic recovery of host countries.
- ❖ Pacific LM programs appear well-positioned for a post-COVID world: strong demand for seasonal workers (possibility of expanding), but requires support from governments for resumption

Thank You

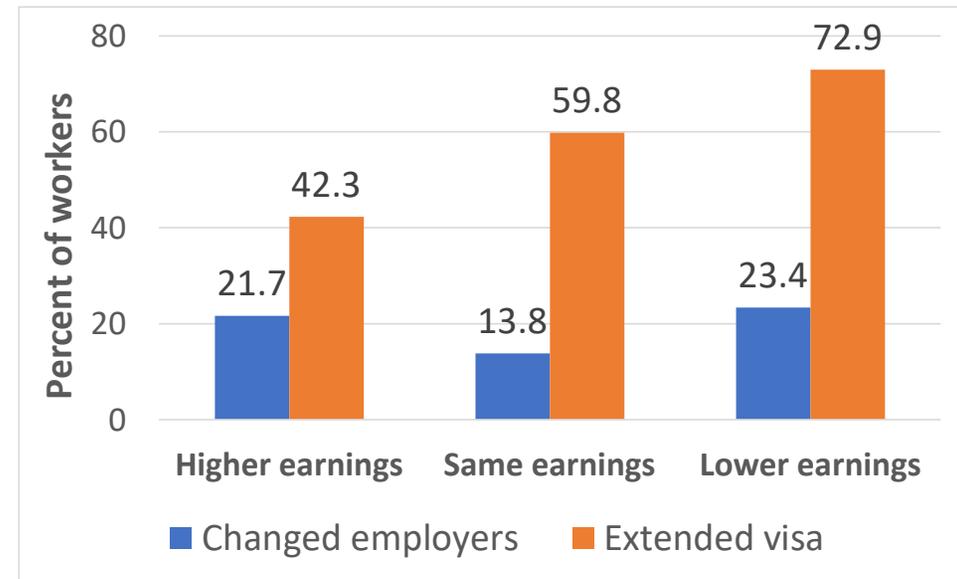
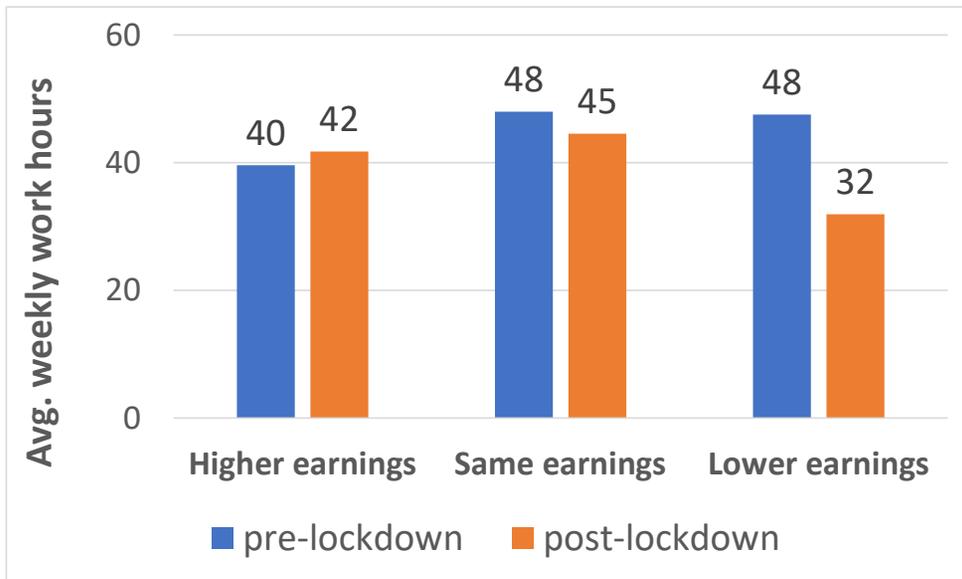
Annex – Usage of remittances



Annex – Lack of formal job opportunities



Annex - Which workers benefited during the pandemic?



Workers experiencing income gain were *less likely to have to extend visa* and *worked fewer hours* pre-lockdown than those experiencing income loss

→ Pandemic-induced labor shortage seems largely local-based and benefits mostly those working below full capacity pre-lockdown, (likely with employers who had yet reached peak season)

Cancelled workers: Coping with lost income and employment

- ❖ Drastic reduction in earnings, esp. among i-Kiribati workers
- ❖ Females remain more severely affected

- ❖ Workers have become more economically active
- ❖ Agriculture provides a buffer in times of hardship

% decrease in earnings compared to Jan-Feb

